

Chun Yu Works & Co., Ltd. and Subsidiaries
Consolidated Financial Report and
Independent Auditors' Review Report
Three Months Ended March 31, 2022 and 2021

For the convenience of readers and for information purpose only, the auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' review report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To: Board of Directors and Shareholders of Chun Yu Works & Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of Chun Yu Works & Co., Ltd. and its subsidiaries (the "Group") as of March 31, 2022 and 2021 and the related consolidated statements of comprehensive income, of changes in equity and of cash flow statements for three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies. The management is responsible for the preparing and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the financial statements based on the result of reviews.

Scope

Except basis of qualified conclusion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making of inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review work is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

Certain the non-significant subsidiaries' financial statements which are included in the consolidated financial statements mentioned above, and the relevant information disclosed in note 13 were not reviewed. These subsidiaries' total assets were NT\$2,200,916 thousand and NT\$1,952,570 thousand respectively, accounting for 16% and 18% of the total consolidated assets respectively; the total liabilities were NT\$467,735 thousand and NT\$532,705 thousand respectively, accounting for 5% and 8% of the total consolidated liabilities as of March 31, 2022 and 2021, respectively; the total comprehensive income were NT\$16,664 thousand and

NT\$6,436 thousand respectively, accounting for 6% and 4% of the total consolidated comprehensive income for three months ended March 31, 2022 and 2021, respectively.

Qualified Conclusion

According to our reviews and the review report of other accountants (please refer to Miscellaneous), except that the financial statements of some of the non-significant subsidiaries and the relevant information disclosed in note 13 as mentioned in Basis of Qualified Conclusion, if reviewed by us, may lead to adjustments to the consolidated financial statements, it is not found that the consolidated financial statements above have not been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” approved and promulgated by the Financial Supervisory Commission which may lead to the inability to properly express the consolidated financial status of Chun Yu Group as of March 31, 2022 and 2021 and the consolidated financial performance and consolidated cash flow or three months ended March 31, 2022 and 2021.

Miscellaneous

The financial statements of PT. Moon Lion Industries Indonesia three months ended March 31, 2022 and 2021 and the relevant information disclosed in note 13 were not reviewed by us, but by other accountants. Therefore, the amounts listed in the financial statements of the subsidiary and the relevant information disclosed in note 13 of the review report issued by us on the consolidated financial statements above are based on the review reports of other accountants. Total assets on March 31, 2022 and 2021 were NT\$1,236,294 thousand and NT\$1,082,993 thousand respectively, both accounting for 9% and 10% of the total consolidated assets; net operating income were NT\$468,555 thousand and NT\$364,311 thousand respectively, accounting for 15% and 16% of the total consolidated comprehensive income for three months ended March 31, 2022 and 2021, respectively.

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

May 12, 2022

Chun Yu Works & Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

March 31, 2022, December 31, 2021 and March 31, 2021

(the consolidated balance sheets on March 31, 2022 and 2021 have been reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
	Current Assets							
1100	Cash and cash equivalents	6(1)	\$ 1,824,670	14	\$ 1,026,237	8	\$ 802,971	7
1110	Financial assets at fair value through profit or loss – current	6(2)	55,940	-	51,504	1	106,330	1
1136	Current financial assets at amortised cost	6(1)	12,038	-	-	-	-	-
1150	Notes receivable, net	6(3) and 7	352,085	3	421,653	3	549,388	5
1170	Accounts receivable, net	6(3) and 7	2,220,198	17	2,289,839	18	1,618,032	15
1200	Other receivables		21,958	-	30,451	-	25,657	-
1220	Current income tax assets	6(29)	10,969	-	10,884	-	1,518	-
130X	Inventories	6(4) (7) and 8	4,626,224	34	4,474,307	35	3,507,385	31
1410	Prepayments		165,788	1	173,463	2	198,027	2
1476	Other current financial assets	6(1) and 8	1,400	-	1,426	-	1,970	-
11XX	Total current assets		<u>9,291,270</u>	<u>69</u>	<u>8,479,764</u>	<u>67</u>	<u>6,811,278</u>	<u>61</u>
	Non-current assets							
1510	Financial assets at fair value through profit or loss – non-current	6(5) (14)	3,189	-	-	-	-	-
1517	Financial assets at fair value through other comprehensive income – non-current	6(6) and 8	626,589	5	628,845	5	678,882	6
1535	Non-current financial assets at amortised cost	6(1)	45,084	-	86,915	1	-	-
1600	Property, plant and equipment	6(7)(11), 7 and 8	3,112,266	23	3,090,561	24	3,080,440	28
1755	Right-of-use assets	6(8) and 8	120,992	1	123,235	1	181,590	2
1780	Intangible assets	6(9)	7,531	-	7,855	-	10,068	-
1840	Deferred income tax assets	6(29)	186,657	2	194,220	2	273,325	3
1915	Prepayments for business facilities	6(7) (9)	27,735	-	30,815	-	13,424	-
1920	Guarantee deposits paid		19,095	-	18,583	-	23,410	-
1930	Long-term notes and accounts receivable	6(3)(10)	8,174	-	15,222	-	41,015	-
1980	Other non-current financial assets	6(1) and 8	5,011	-	7,361	-	16,320	-
1990	Other non-current assets		7,421	-	8,129	-	3,239	-
15XX	Total non-current assets		<u>4,169,744</u>	<u>31</u>	<u>4,211,741</u>	<u>33</u>	<u>4,321,713</u>	<u>39</u>
1XXX	Total assets		<u>\$ 13,461,014</u>	<u>100</u>	<u>\$ 12,691,505</u>	<u>100</u>	<u>\$ 11,132,991</u>	<u>100</u>

(Continued)

Chun Yu Works & Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

March 31, 2022, December 31, 2021 and March 31, 2021

(the consolidated balance sheets on March 31, 2022 and 2021 have been reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

Liabilities and Equity		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
Current Liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 991,281	8	\$ 1,642,371	13	\$ 2,059,575	19
2110	Short-term notes and bills payable	6(13)	-	-	-	-	39,966	-
2130	Current contract liabilities	6(22) and 7	443,415	3	407,343	3	311,537	3
2150	Notes payable	7	1,448	-	3,287	-	1,147	-
2170	Accounts payable	7	1,101,390	8	1,030,237	8	708,835	6
2200	Other payables	7	757,571	6	579,731	5	533,396	5
2230	Current income tax liabilities	6(29)	97,944	1	75,954	1	56,632	1
2250	Provisions for liabilities - current	6(15)	7,698	-	8,275	-	6,590	-
2280	Current lease liabilities	6(8)	18,424	-	19,252	-	25,147	-
2320	Long-term liabilities, current portion	6(16) and 8	23,474	-	22,997	-	272,396	2
21XX	Total current liabilities		3,442,645	26	3,789,447	30	4,015,221	36
Non-current liabilities								
2530	Bonds payable	6(14) and 8	4,552,420	34	3,000,000	24	-	-
2540	Long-term borrowings	6(16) and 8	5,779	-	601,829	5	2,321,794	21
2570	Deferred income tax liabilities	6(29)	426,876	3	445,439	3	439,672	4
2580	Non-current lease liabilities	6(8)	12,186	-	16,197	-	67,814	-
2640	Net defined benefit liabilities – non-current	6(17)	171,570	1	170,225	1	178,793	2
2645	Guarantee deposits received		457	-	457	-	564	-
25XX	Total non-current liabilities		5,169,288	38	4,234,147	33	3,008,637	27
2XXX	Total liabilities		8,611,933	64	8,023,594	63	7,023,858	63
Equity attributable to owners of the parent								
Share capital								
3110	Common stock	6(18)	2,877,740	21	2,877,740	23	2,877,740	26
3200	Capital surplus	6(14)(18)(19)	466,207	4	222,103	2	172,267	1
Retained earnings								
3310	Legal reserve	6(20)	233,702	2	233,702	2	179,531	2
3320	Special reserve		430,610	3	430,610	3	430,610	4
3350	Unappropriated retained earnings		518,638	4	654,473	5	240,932	2
3400	Other equity interest	6(6)(21)	(142,343)	(1)	(207,956)	(2)	(147,020)	(1)
3500	Treasury stocks	6(18) and 8	(267,195)	(2)	(267,195)	(2)	(288,910)	(3)
31XX	Equity attributable to owners of the parent		4,117,359	31	3,943,477	31	3,465,150	31
36XX	Non-controlling interest	4(3)	731,722	5	724,434	6	643,983	6
3XXX	Total equity		4,849,081	36	4,667,911	37	4,109,133	37
Significant Contingent Liabilities and Unrecognized Contract Commitments		9						
3X2X	Total liabilities and equity		\$ 13,461,014	100	\$ 12,691,505	100	\$ 11,132,991	100

The attached notes are part of the consolidated financial statements; please refer together.

Chairman: Hui-Cheng Lin

Manager: Dong-Sen Tsai

Accounting Supervisor: Ping-Tian Fang

Chun Yu Works & Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
Three months ended March 31, 2022 and 2021

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(earnings per share is NT\$1)

Item	Notes	January 1 to March 31, 2022		January 1 to March 31, 2021	
		Amount	%	Amount	%
4000 Operating revenue	6(22) and 7	\$ 3,055,669	100	\$ 2,316,921	100
5000 Operating costs	6(4)(9)(17)(27)(28)and7	(2,590,404)	(85)	(1,897,477)	(82)
5900 Net operating margin		465,265	15	419,444	18
Operating expenses					
6100 Selling expenses	6(9)(17)(27)(28), 7 and 12	(93,834)	(3)	(86,080)	(3)
6200 General and administrative expenses		(111,696)	(4)	(114,906)	(5)
6300 Research and development expenses		(18,574)	-	(19,919)	(1)
6450 Expected credit gains (losses)		167	-	1,649	-
6000 Total operating expenses		(223,937)	(7)	(219,256)	(9)
6900 Operating profit		241,328	8	200,188	9
Non-operating income and expenses					
7100 Interest income	6(3)(10)(23)	3,338	-	3,399	-
7010 Other income	6(2) (24) and 7	5,188	-	14,935	1
7020 Other gains and losses	6(2)(5) (25)and 12	10,116	1	(5,504)	-
7050 Finance costs	6(8)(14) (26)	(27,340)	(1)	(21,827)	(1)
7000 Total non-operating income and expenses		(8,698)	-	(8,997)	-
7900 Profit before income tax		232,630	8	191,191	9
7950 Income tax expense	6(29)	(49,092)	(2)	(41,432)	(2)
8200 Profit for the period		\$ 183,538	6	\$ 149,759	7
Other comprehensive income(loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8316 Unrealized gain (loss) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(6) (21)	(\$ 2,065)	-	\$ 34,299	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		82,789	2	(25,043)	(1)
8399 Aggregated income tax relating to components of other comprehensive income (loss)	6(29)	(4,818)	-	621	-
8300 Total other comprehensive income for the period		\$ 75,906	2	\$ 9,877	-
8500 Total comprehensive income for the period		\$ 259,444	8	\$ 159,636	7
Profit attributable to:					
8610 Owners of the parent		\$ 151,939	5	\$ 123,469	6
8620 Non-controlling interests		31,599	1	26,290	1
		\$ 183,538	6	\$ 149,759	7
Total comprehensive income attributable to:					
8710 Owners of the parent		\$ 217,552	7	\$ 139,096	6
8720 Non-controlling interests		41,892	1	20,540	1
		\$ 259,444	8	\$ 159,636	7
Earnings per share (in dollars)	6(30)				
9750 Basic		\$ 0.57		\$ 0.47	
9850 Diluted		\$ 0.57		\$ 0.47	

The attached notes are part of the consolidated financial statements; please refer together.

Chairman: Hui-Cheng Lin

Manager: Dong-Sen Tsai

Accounting Supervisor: Ping-Tian Fang

Chun Yu Works Co., Ltd. And Subsidiaries
Consolidated Statement of Changes in Equity
Three months ended March 31, 2022 and 2021
(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NTS thousand

Equity attributable to owners of the parent company											

The attached notes are part of the consolidated financial statements; please refer together.

Chairman: Hui-Cheng Lin

Manager: Dong-Sen Tsai

Accounting Supervisor: Ping-Tian Fang

Chun Yu Works & Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Three months ended March 31, 2022 and 2021

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	Notes	For the three-month periods ended March 31	
		2022	2021
<u>Cash flows from operating decrease activities</u>			
Profit before tax		\$ 232,630	\$ 191,191
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	6(25)	(4,276)	190
Expected credit (gains) losses	12	(167)	(1,649)
(Reversal of) allowance for inventory market price decline	6(4)	6,486	(3,752)
Depreciation	6(7)(8)(27)	67,268	76,112
Losses (gains) on disposal of property, plant and equipment	6(25)	(9)	224
Property, plant and equipment transferred to loss	6(7)	466	-
Amortization	6(9) (27)	1,044	1,185
Interest income	6(23)	(3,338)	(3,399)
Dividend income	6(24) (31)	(2,627)	-
Interest expense	6(26)	27,340	21,827
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		-	(5,060)
Notes receivable		69,594	(46,046)
Accounts receivable		72,031	44,014
Other receivables		11,120	(11,873)
Inventories		(173,898)	(188,000)
Prepayments		2,393	(72,943)
Long-term notes and accounts receivable		7,048	10,045
Changes in operating liabilities			
Current contract liabilities		36,072	67,798
Notes payable		(1,839)	1,106
Accounts payable		71,153	20,919
Other payables		(85,535)	(30,363)
Provision for liabilities – current		(577)	(132)
Net defined benefit liabilities –non-current		1,345	(1,860)
Cash inflow generated from operations		333,724	69,534
Interest received		3,338	3,399
Interest paid		(23,011)	(22,118)
Income tax paid		(43,452)	(13,044)
Net cash flows from operating activities		270,599	37,771

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Chun Yu Works & Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Three months ended March 31, 2022 and 2021

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

		For the three-month periods ended March 31	
	Notes	2022	2021
<u>Cash flows from investment activities</u>			
Increase in financial assets measured at amortized cost— current		(\$ 12,038)	\$ -
Decrease in other financial asset - current		26	-
Decrease in financial assets measured at amortized cost—non-current		41,831	-
Proceeds from financial assets at fair value through other comprehensive income		191	-
Cash paid for acquisition of property, plant and equipment	6(31)	(35,471)	(15,285)
Proceeds from disposal of property, plant and equipment		368	104
Acquisition of intangible assets	6(9)	(294)	(634)
Increase in prepayments for business facilities		(18,241)	(6,378)
Decrease (increase) in guarantee deposits paid		(512)	1,060
Decrease (increase) in other non-current financial assets		2,350	(420)
Decrease in other non-current assets		708	445
Net cash flows used in investing activities		(21,082)	(21,108)
<u>Cash flows from financing activities</u>			
(Decrease) increase in short-term borrowings	6(32)	(651,090)	63,922
Payments of lease liabilities	6(32)	(5,547)	(6,406)
Issuance of convertible bonds	6(32)	1,775,874	-
Increase in long-term borrowings	6(32)	-	1,299,320
Decrease in long-term borrowings	6(32)	(595,573)	(1,165,745)
Cash dividend in non-controlling interest	4(3)	(34,604)	(23,594)
Net cash flows from (used in) financing activities		489,060	167,497
Effect of foreign exchange rate changes on cash and cash equivalents		59,856	(12,263)
Net (decrease) increase in cash and cash equivalents		798,433	171,897
Cash and cash equivalents at beginning of period	6(1)	1,026,237	631,074
Cash and cash equivalents at end of period	6(1)	\$ 1,824,670	\$ 802,971

The attached notes are part of the consolidated financial statements; please refer together.

Chairman: Hui-Cheng Lin

Manager: Dong-Sen Tsai

Accounting Supervisor: Ping-Tian Fang

Chun Yu Works & Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021

(reviewed only, not audited in accordance with the Generally Accepted Auditing Standards)

Unit: NT\$ thousand
(unless specified)

I. History and Organization

- (1) Chun Yu Works & Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in March 1965. The Company is primarily engaged in the manufacture and heat treatment of screws, nuts and polished steel bars as well as design of pollution prevention equipment and undertaking related services. The information on main business activities of the Company’s subsidiaries is provided in Note 4(3).
- (2) The Company’s shares have been listed on the Taiwan Stock Exchange since October 1991.

II. The Date of Authorisation for Issuance of the Financial Statements and Procedures for authorisation

This consolidated financial report was issued on May 12, 2022 after submission to the board of directors.

III. Application of New and Revised Standards and Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts – cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.	

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

- (3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS No. 17, 'Insurance Contracts'	January 1, 2023
Amendment to IFS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
The Group has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Group.	

IV. Summary of Significant Accounting Policies

The main accounting policies used in the preparation of this consolidated financial report are explained below. Unless otherwise stated, these policies apply consistently throughout all reporting periods.

(1) Declaration of Compliance

1. The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
2. The financial statements should be read together with the financial statements for the year ended December 31, 2021.

(2) Basis of Preparation

1. The consolidated financial report is prepared based on historical cost, except the following significant items:
 - (1) Financial assets at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Consolidation Basis

1. The preparation principles of this consolidated financial report are the same as those of the 2021 consolidated financial report
2. Subsidiaries included in this consolidated financial report

Investment company name	Subsidiary name	Business nature	Percentage of equity held			Descrip tion
			March 31, 2022,	December 31, 2019 and	March 31, 2021	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Mold manufacturi ng and trading	100.00	100.00	100.00	(note 1) (note 2)
Chun Yu Works & Co., Ltd.	American Chun Yu Works & Co., Ltd.	Import and export of metal products	100.00	100.00	100.00	(note 1)
Chun Yu Works & Co., Ltd.	Chun Yu Investment Co., Ltd.	Professional investment	100.00	100.00	100.00	(note 1)
Chun Yu Works & Co., Ltd.	Chun Yu Bio- tech	Powder metallurgy	100.00	100.00	100.00	(note 1)
Chun Yu Works & Co., Ltd.	Scholar Holdings Ltd.	Reinvestment and import and export	100.00	100.00	100.00	
Chun Yu Works & Co., Ltd.	Sunny City International Limited	Reinvestment and import and export	100.00	100.00	100.00	(note 1)
Chun Yu Works & Co., Ltd.	PT. Moon lion Industries Indonesia	Manufacturing and trading of screws and nuts	71.85	71.85	71.85	(note 1)
Chun Yu Works & Co., Ltd.	Chun Zu Machinery Industry	Machinery manufacturi ng and trading	47.82	47.82	47.82	(note 3) (note 4)

Investment company name	Subsidiary name	Business nature	Percentage of equity held			Description
			March 31, 2021,	December 31, 2020 and	March 31, 2020	
Scholar Holdings Ltd.	Chun Yu (Dongguan) Hardware Products Co., Ltd.	Manufacturing and trading of screws and nuts	100.00	100.00	100.00	
Sunny City International Limited	Shanghai Youju Hardware Products Co., Ltd.	Trading of screws and nuts	100.00	100.00	100.00	(note 1)
Shanghai Youju Hardware Products Company	Shanghai Tongsheng Trading Co., Ltd.	Trading of screws and nuts	100.00	100.00	100.00	(note 1)
Chun Zu Machinery Industry	Laiwang City Development Co., Ltd.	Professional investment	100.00	100.00	100.00	
Laiwang City Development Co., Ltd.	Shanghai Chun Zu Machinery Industry	Machinery manufacturing and trading	100.00	100.00	100.00	

(Note 1) For these companies, except for the relevant information of PT. Moon lion Industries Indonesia disclosed in the financial statements for the first quarter of 2022 and 2021 and note 13 which were reviewed by other accountants, the relevant information of the remaining companies disclosed in the financial statements for the first quarter of 2022 and 2021 and note 13 has not been reviewed by us.

(Note 2) It was formerly known as Chun Bang Trading Co., Ltd., and renamed Chun Bang Precision Co., Ltd. on May 20, 2020.

(Note 3) It represents the consolidated ownership held by the Group

(Note 4) A representative appointed by the Company was elected as the chairman of the investee, and the general manager of the investee had to report to the Board of Directors of the Company. Thus, the Company had substantial control over the investee and its subsidiaries.

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

6. Subsidiaries that have non-controlling interests that are material to the Group:

The total non-controlling interests of the Group as of March 31, 2022, December 31, 2021, and March 31, 2020 were NT\$731,722, NT\$724,434 and NT\$643,983, respectively. Information on non-controlling interests and subsidiaries that are significant to the Group as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Chun Zu Machinery Industry	Taiwan	<u>\$ 481,013</u>	52.18%	<u>\$ 498,258</u>	52.18%

Subsidiary name	Main place of business	March 31, 2020	
		Amount	Percentage of shareholding
		<u>\$ 461,634</u>	52.18%
Chun Zu Machinery Industry	Taiwan		

Summary financial information of subsidiaries:

	Chun Zu Machinery Industry and Subsidiaries		
	March 31, 2022	December 31, 2021	March 31, 2021
Current Assets	\$ 1,454,713	\$ 1,401,368	\$ 1,443,845
Non-current Assets	600,063	647,208	619,814
Current Liabilities	(900,784)	(840,724)	(934,525)
Non-current Liabilities	(161,407)	(181,840)	(177,179)
Total net assets	<u>\$ 992,585</u>	<u>\$ 1,026,012</u>	<u>\$ 951,955</u>

<u>Consolidated Statement of Comprehensive Income</u>	January to March of 2022	January to March of 2021
Income	\$ 253,006	\$ 261,311
Profit for the year	\$ 19,239	\$ 7,818
Other comprehensive income (net)	(5,623)	(2,590)
Total comprehensive income for the year	<u>\$ 13,616</u>	<u>\$ 5,228</u>
Total comprehensive income attributable to non-controlling interests	\$ 17,351	\$ 4,281
Dividends paid to non-controlling interests	<u>\$ 34,604</u>	<u>\$ 23,594</u>

<u>Consolidated Cash Flow Statement</u>	January to March of 2022	January to March of 2021
Net cash inflow (outflow) from business activities	\$ 35,220	\$ 81,929
Net cash outflow from investment activities	25,398	(1,040)
Net cash inflow from financing activities	(10,391)	9,498
Impact of exchange rate changes on cash and cash equivalents	16,154	1,433
Increase in current cash and cash equivalents	(4,059)	91,820
Beginning cash and cash equivalent balance	297,485	164,700
Ending cash and cash equivalent balance	<u>\$ 293,426</u>	<u>\$ 256,520</u>

(4) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- (1) The embedded call options and put options are recognised initially at net fair value as "financial assets or financial liabilities at fair value through profit or loss". They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- (2) The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is mortised in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest method.
- (3) The embedded conversion options which meet the definition of an equity instrument are initially recognised in "capital surplus- share options" at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- (4) Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- (5) When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and "financial assets or financial liabilities at fair value through profit or loss" shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus- -share options'

(5) Employee benefits

Defined benefit plan pension costs for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(6) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the related information is disclosed accordingly.

V. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

No major changes in this period, Please refer to the five notes to the 2021 consolidated financial statements

VI. Explanation of important accounting items

(1) Cash and cash equivalents

	March 31, 2022,	December 31,	March 31, 2021
		2021	
Cash:			
Cash in stock	\$ 23,747	\$ 31,855	\$ 9,257
Checking deposit	153,435	178,158	855
Demand deposit	1,491,702	800,541	786,949
	<u>1,668,884</u>	<u>1,010,554</u>	<u>797,061</u>
Cash equivalent:			
Time deposit	155,786	15,683	5,910
	<u>\$ 1,824,670</u>	<u>\$ 1,026,237</u>	<u>\$ 802,971</u>

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with a number of financial institutions to diversify credit risks; therefore, the probability of default is very low.
2. The Group's classified time deposits maturing in excess of three month as financial assets at amortized current in amount of \$12,038. There was no such transaction for the year ended December 31, 2021 and three months ended March 31, 2021, classified time deposits maturing in excess of one year as financial assets at amortized non-current in amount of \$45,084 and \$86,915 for three months ended March 31, 2022 and the year ended December 31, 2021. There was no such transaction for three months ended March 31, 2021.
3. As of three months ended March 31, 2022, December 31, 2021 and three months ended March 31, 2021, the Group's demand deposits amounting to \$6,411, \$8,787 and \$18,290, respectively, were pledged to others as collateral (Shown as 'Other current financial assets' and 'Other non-current financial assets'). Details are provided in Note 8, 'Pledged assets'.

(2) Financial assets at fair value through profit or loss - current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets measured at fair value			
compulsorily through income statement			
Listed and OTC stocks	\$ 30,203	\$ 30,203	\$ 88,664
Beneficiary certificates	<u>8,000</u>	<u>8,000</u>	<u>10,000</u>
	38,203	38,203	98,724
Reevaluation adjustment	<u>17,737</u>	<u>13,301</u>	<u>7,606</u>
	<u>\$ 55,940</u>	<u>\$ 51,504</u>	<u>\$ 106,330</u>

1. The Group's financial assets measured at fair value through income statement accounted for a net loss of NT\$7,063 and NT(\$190) for three months ended March 31, 2022 and 2021, respectively (listed under "Other gains and losses").
2. The Group did not pledge any financial assets measured at fair value through income statement on March 31, 2022, December 31, 2021 or March 31, 2021.
3. For information on the credit risk of financial assets measured by fair value through income

statement, please refer to note 12(2) “Explanation of financial instruments.”

(3) Net notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2020
Notes receivable	\$ 260,332	\$ 332,412	\$ 449,223
Notes receivable on instalments	97,515	95,202	108,762
	<u>357,847</u>	<u>427,614</u>	<u>557,985</u>
Less: Unrealized interest income	(5,536)	(5,709)	(6,218)
Allowance for loss	(226)	(252)	(2,379)
	<u>\$ 352,085</u>	<u>\$ 421,653</u>	<u>\$ 549,388</u>
Accounts receivable	\$ 2,234,296	\$ 2,288,249	\$ 1,623,432
Accounts receivable on instalments	13,298	31,755	23,204
	<u>2,247,594</u>	<u>2,320,004</u>	<u>1,646,636</u>
Less: Unrealized interest income	(668)	(1,047)	(173)
Allowance for loss	(28,728)	(29,118)	(28,431)
	<u><u>2,220,198</u></u>	<u><u>2,289,839</u></u>	<u><u>1,618,032</u></u>

1. The aging analysis of notes and accounts receivable is as follows:

	March 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	\$ 357,847	\$ 2,045,152	\$ 420,727	\$ 2,062,123
Overdue for less than 30 days	-	133,625	3,915	189,109
Overdue for 31–90 days	-	42,296	2,964	42,235
Overdue for 91–180 days	-	3,554	8	5,097
Overdue for more than 181 days	-	22,967	-	21,440
	<u>\$ 357,847</u>	<u>\$ 2,247,594</u>	<u>\$ 427,614</u>	<u>\$ 2,320,004</u>

	March 31, 2021	
	Notes receivable	Accounts receivable
Not overdue	\$ 557,985	\$ 1,457,879
Overdue for less than 30 days	-	124,936
Overdue for 31–90 days	-	36,074
Overdue for 91–180 days	-	2,501
Overdue for more than 181 days	-	25,246
	<u>\$ 557,985</u>	<u>\$ 1,646,636</u>

The above is an aging analysis based on the number of overdue days.

- The balances of notes and accounts receivable on March 31, 2022, December 31, 2021 and March 31, 2021 were all generated from customer contracts. In addition, the receivable balance of customer contracts on January 1, 2021 is NT\$2,202,975.
- The interest income (including notes receivable on installments, accounts receivable on installments and long-term notes and accounts receivable) recognized in profit and loss for

three months ended March 31, 2022 and 2021 were NT\$2,381 and NT\$2,859, respectively (listed under “interest income”).

4. The Group did not hold collateral as guarantee for accounts receivable as of March 31, 2022, December 31, 2021 and March 31, 2021.
5. Regardless of the collateral or other credit enhancements held, the maximum amounts of credit risk exposure of the Group’s notes or accounts receivable on March 31, 2022, December 31, 2021 and March 31, 2021 can be best represented by their book values.
6. For information on credit risk of relevant notes and accounts receivable, please refer to note 12(2) “Explanation of financial instruments.”
7. The Group did not pledge notes and accounts receivable as guarantee on March 31, 2022, December 31, 2021 and March 31, 2021.

(4) Inventories

March 31, 2022			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 1,410,252	(\$ 26,522)	\$ 1,383,730
Supplies	373,713	(13,738)	359,975
Work in progress	1,391,122	(28,073)	1,363,049
Finished goods	1,604,471	(85,001)	1,519,470
	<u>\$ 4,779,558</u>	<u>(\$ 153,334)</u>	<u>\$ 4,626,224</u>

December 31, 2021			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 1,398,784	(\$ 27,661)	\$ 1,371,123
Supplies	352,072	(13,513)	338,559
Work in progress	1,312,135	(25,561)	1,286,574
Finished goods	1,558,164	(80,113)	1,478,051
	<u>\$ 4,621,155</u>	<u>(\$ 146,848)</u>	<u>\$ 4,474,307</u>

March 31, 2021			
	Cost	Allowance for inventory valuation loss	Book value
Raw material	\$ 730,026	(\$ 27,828)	\$ 702,198
Supplies	343,618	(13,274)	330,344
Work in progress	1,183,610	(30,135)	1,153,475
Finished goods	1,404,681	(83,313)	1,321,368
	<u>\$ 3,661,935</u>	<u>(\$ 154,550)</u>	<u>\$ 3,507,385</u>

1. The Group's current inventory costs recognized as expense impairments:

	January to March of 2022	January to March of 2021
Cost of inventory sold	2,600,504	\$ 1,914,564
Inventory depreciation loss (appreciation gain) (note)	6,486	(3,752)
Inventory loss	(3)	390
Income from sale of scrapped inventories	(16,583)	(13,725)
	<u>2,590,404</u>	<u>\$ 1,897,477</u>

(Note) The Group sold and scrapped inventories for three months ended March 31, 2021 for which depreciation losses had been provided in previous years, and resulted in a gain of inventory depreciation recovery which was recognized as a deduction of cost of goods sold.

2. For the Group's inventories pledged as guarantee on March 31, 2022, December 31, 2021 and March 31, 2021, please refer to note 8 "Explanation of pledged assets."

(5) Non-current financial assets at fair value through profit or loss

Item	March 31, 2022
Repurchase Right of Corporate Bonds	\$ 3,189

1. There was no such transaction for the year ended December 31, 2021 and three months ended March 31, 2021.

2. The Group recognised lose amounting to \$160 ('Other gains and losses') on financial assets at fair value through profit or loss for three month ended March 31, 2022.

(6) Financial assets at fair value through other comprehensive income - non-current

Item	March 31, 2022	December 31, 2021	March 31, 2021
Equity instruments			
Listed and OTC stocks	621,308	\$ 621,309	621,309
Unlisted, non-OTC and non-emerging market stocks	772	772	913
	622,080	622,080	622,222
Reevaluation adjustment	4,509	6,765	56,660
	<u>626,589</u>	<u>\$ 628,845</u>	<u>678,882</u>

1. The Group chose to classify equity investments that receive stable dividends as financial assets measured at fair value through other comprehensive income. The fair values of these investments on March 31, 2022, December 31, 2021 and March 31, 2021 were NT\$626,589, NT\$628,845 and NT\$678,882, respectively.

2. The Group received proceeds from capital reduction of the Group's stock investment - Ascentek Venture Capital Corporation, classified as financial asset measured at fair value

through other comprehensive income, in the amount of \$2,681 for the years ended December 31, 2021. The Group reduced the investment cost in proportion to the capital reduction ratio. The Group received remaining proceeds from settlement in the amount of \$141 for the years ended December 31, 2021.

3. The details of the Group's financial assets measured at fair value through other comprehensive income which are recognized in profit and loss and comprehensive income are as follows:

	January to March of 2022	January to March of 2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income (listed under "Other equity interest")	(\$ 2,065)	\$ 34,299

4. Regardless of the collateral or other credit enhancements held, the maximum amounts of credit risk exposure of the Group's financial assets measured at fair value through other comprehensive income on March 31, 2021, December 31, 2020 and March 31, 2020 can be best represented by their book values.
5. For information on financial assets at fair value through other comprehensive income - non-current credit risk information, please refer to note 12(2) "Explanation of financial instruments."
6. Regarding the Group's Financial assets at fair value through other comprehensive income - non-current pledges as guarantee, please refer to note 8 "Explanation of pledged assets."

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Equipment under acceptance and construction in progress	Total
<u>January 1, 2022</u>									
Cost	\$ 1,573,597	\$ 1,932,235	\$ 4,431,854	\$ 94,858	\$ 99,541	\$ 120,228	\$ 662,581	\$ 34,639	\$ 8,949,533
Accumulated depreciation	-	(1,413,090)	(3,666,184)	(72,436)	(76,989)	(104,335)	(525,896)	-	(5,858,930)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 519,145</u>	<u>\$ 765,628</u>	<u>\$ 22,422</u>	<u>\$ 22,552</u>	<u>\$ 15,893</u>	<u>\$ 136,685</u>	<u>\$ 34,639</u>	<u>\$ 3,090,561</u>
<u>For the three-month period ended March 31, 2022</u>									
At January 1	\$ 1,573,597	\$ 519,145	\$ 765,628	\$ 22,422	\$ 22,552	\$ 15,893	\$ 136,685	\$ 34,639	\$ 3,090,561
Additions	-	4,797	10,137	-	359	931	4,367	8,735	29,326
Transfers after acceptance	-	760	19,613	-	-	-	-	(20,373)	-
Transfers from inventories	-	-	15,495	-	-	-	-	-	15,495
Transfers from prepayments for business facilities	-	451	4,774	-	-	-	6,790	9,031	21,046
Depreciation charge	-	(11,588)	(34,805)	(972)	(2,113)	(1,470)	(10,176)	-	(61,124)
Disposals– Cost	-	-	(12,619)	-	(2,656)	(977)	(1,025)	-	(17,277)
–Accumulated depreciation	-	-	12,418	-	2,556	955	989	-	16,918
Transfer fee	-	-	-	-	-	-	-	(466)	(466)
Net exchange differences	-	5,831	7,862	-	311	243	3,513	27	17,787
At March 31	<u>\$ 1,573,597</u>	<u>\$ 519,396</u>	<u>\$ 788,503</u>	<u>\$ 21,450</u>	<u>\$ 21,009</u>	<u>\$ 15,575</u>	<u>\$ 141,143</u>	<u>\$ 31,593</u>	<u>\$ 3,112,266</u>
<u>March 31, 2022,</u>									
Cost	\$ 1,573,597	\$ 1,963,265	\$ 4,509,794	\$ 94,857	\$ 98,279	\$ 121,446	\$ 688,905	\$ 31,593	\$ 9,081,736
Accumulated depreciation	-	(1,443,869)	(3,721,249)	(73,407)	(77,270)	(105,871)	(547,762)	-	(5,969,428)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 519,396</u>	<u>\$ 788,503</u>	<u>\$ 21,450</u>	<u>\$ 21,009</u>	<u>\$ 15,575</u>	<u>\$ 141,143</u>	<u>\$ 31,593</u>	<u>\$ 3,112,266</u>

	Land	Houses and construction	Machines and equipment	Utility equipment	Transportation equipment	Office equipment	Other devices	Equipment pending inspection and construction in progress	Total
<u>January 1, 2021</u>									
Cost	\$ 1,575,982	\$ 1,923,586	\$ 4,491,495	\$ 95,270	\$ 98,464	\$ 117,927	\$ 638,638	\$ 9,930	\$ 8,951,292
Accumulated depreciation	-	(1,378,319)	(3,690,654)	(69,963)	(73,137)	(100,357)	(492,761)	-	(5,805,191)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,575,982</u>	<u>\$ 545,267</u>	<u>\$ 800,799</u>	<u>\$ 25,307</u>	<u>\$ 25,327</u>	<u>\$ 17,570</u>	<u>\$ 145,877</u>	<u>\$ 9,930</u>	<u>\$ 3,146,059</u>
<u>For the three-month period ended March 31, 2021</u>									
At January 1	\$ 1,575,982	\$ 545,267	\$ 800,799	\$ 25,307	\$ 25,327	\$ 17,570	\$ 145,877	\$ 9,930	\$ 3,146,059
Additions	-	725	(346)	-	-	1,059	2,108	3,583	7,129
Transfers after acceptance	-	-	2,139	-	-	713	-	(2,852)	-
Transfers from inventories	-	-	1,813	-	-	-	-	-	1,813
Transfers from prepayments for business facilities	-	-	1,266	-	151	31	70	4,840	6,358
Depreciation charge	-	(11,480)	(40,241)	(950)	(2,357)	(1,827)	(11,297)	-	(68,152)
Disposals– Cost	-	(95)	(7,608)	-	(2,196)	(1,146)	(309)	-	(11,354)
–Accumulated depreciation	-	88	7,350	-	2,133	1,145	310	-	11,026
Transfer fee	(\$ 2,385)	(2,009)	(7,375)	-	(54)	(53)	(544)	(19)	(12,439)
Net exchange differences	<u>\$ 1,573,597</u>	<u>\$ 532,496</u>	<u>\$ 757,797</u>	<u>\$ 24,357</u>	<u>\$ 23,004</u>	<u>\$ 17,492</u>	<u>\$ 136,215</u>	<u>\$ 15,482</u>	<u>\$ 3,080,440</u>
<u>At March 31</u>									
<u>March 31, 2021.</u>									
Cost	\$ 1,573,597	\$ 1,919,036	\$ 4,473,825	\$ 95,270	\$ 96,120	\$ 118,258	\$ 643,249	\$ 15,482	\$ 8,934,837
Accumulated depreciation	-	(1,386,540)	(3,715,986)	(70,913)	(73,116)	(100,766)	(507,034)	-	(5,854,355)
Accumulated impairment	-	-	(42)	-	-	-	-	-	(42)
	<u>\$ 1,573,597</u>	<u>\$ 532,496</u>	<u>\$ 757,797</u>	<u>\$ 24,357</u>	<u>\$ 23,004</u>	<u>\$ 17,492</u>	<u>\$ 136,215</u>	<u>\$ 15,482</u>	<u>\$ 3,080,440</u>

1. The property, plant and equipment of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 were assets for self-use.
2. From January to March 2022 and 2021, there was no interest capitalization of property, plant and equipment.
3. For the impairment of property, plant and equipment, please refer to note 6(11) "Explanation of impairment of non-financial assets."
4. For information on guarantees provided by the Group with property, plant and equipment on March 31, 2022, December 31, 2021 and March 31, 2021, please refer to note 8 "Explanation of pledged assets."

(8) Lease transaction – lessee

1. The underlying assets leased by the Group include land (including the land in Dayong Section of Gangshan District, Kaohsiung and the set right-of-use of land of Songmushan Management District, Dalang Town, Dongguan City and Baihe Town, Shanghai signed with the People's Republic of China), buildings and cars for business purpose, and the lease contract period usually ranges from 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions, without other restrictions imposed.
2. Information on the book value of right-of-use assets and the recognized depreciation expenses is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 105,933	\$ 103,987	\$ 108,083
Houses and construction	14,696	18,650	72,294
Transportation equipment	363	598	1,213
	<u>\$ 120,992</u>	<u>\$ 123,235</u>	<u>\$ 181,590</u>

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 1,402	\$ 1,392
Houses and construction	4,508	6,247
Transportation equipment	234	321
	<u>\$ 6,144</u>	<u>\$ 7,960</u>

3. The increase of the Group's right-of-use assets for three months ended March 31, 2022 and 2021 was NT\$ - and NT\$1,002, respectively.

4. Information about profit and loss items related to lease contracts is as follows:

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
<u>Items that affect current profit and loss</u>		
Interest expenses on lease liabilities	\$ 250	\$ 651
Expenses for short-term leases	1,005	5,863

5. The Group's total lease related cash outflows for three months ended March 31, 2022 and

2021 were NT\$6,802 and NT\$12,920, respectively.

6. For the Group's right-of-use assets pledged as of March 31, 2022, December 31, 2021, and March 31, 2021, please refer to note 8 "Explanation of pledged assets."

(9) Intangible assets

	Computer software	
	January to March of 2022	January to March of 2021
<u>January 1</u>		
Original cost	\$ 24,489	\$ 30,881
Cumulative amortization	(16,634)	(20,235)
	<u>\$ 7,855</u>	<u>\$ 10,646</u>
<u>January to March</u>		
January 1	\$ 7,855	\$ 10,646
Addition – from a separate acquisition	294	634
Amortisation charge	275	-
Amortization fee	(1,044)	(1,185)
Resale – cost	(2,073)	(723)
- Cumulative amortization	2,073	723
Net exchange difference	151	(27)
March 31	<u>\$ 7,531</u>	<u>\$ 10,068</u>
<u>March 31</u>		
Original cost	\$ 23,498	\$ 30,724
Cumulative amortization	(15,967)	(20,656)
	<u>\$ 7,531</u>	<u>\$ 10,068</u>

1. There was no interest capitalization for three months ended March 31, 2022 and 2021.

2. The details of the amortization expenses of intangible assets are as follows:

	January to March of 2022	January to March of 2021
Operating costs	\$ 106	\$ 115
Selling expenses	109	109
General and administrative expenses	419	449
Research and development expenses	410	512
	<u>\$ 1,044</u>	<u>\$ 1,185</u>

3. The Group did not pledge intangible assets as guarantee on March 31, 2022, December 31, 2021 and March 31, 2021.

(10) Long-term notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Long-term notes receivable	\$ 9,985	\$ 15,094	\$ 46,600
Long-term installment accounts receivable	-	2,733	-
	<u>9,985</u>	<u>17,827</u>	<u>46,600</u>
Less: Unrealized interest income	(1,811)	(2,605)	(5,585)
	<u>\$ 8,174</u>	<u>\$ 15,222</u>	<u>\$ 41,015</u>

1. The Group's long-term accounts receivable meet the credit standards set according to the industry characteristics, business scale and profitability of the counterparty.
2. There were no overdue long-term notes receivable and long-term instalment accounts receivable of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021.
3. The balances of long-term notes and accounts receivable on March 31, 2022, December 31, 2021 and March 31, 2021 were all generated by customer contracts. In addition, the balance of long-term notes and accounts receivable related to customer contracts on January 1, 2021 is NT\$57,350.
4. Regardless of the collateral or other credit enhancements held, the maximum amounts of credit risk exposure of the Group's long-term notes receivable and long-term instalment accounts receivable on March 31, 2022, December 31, 2021 and March 31, 2021 can be best represented by their book values.
5. For the interest income recognized in profit and loss for three months ended March 31, 2022 and 2021, please refer to note 6(3) "Explanation of the net amount of notes and accounts receivable."
6. The Group did not hold collateral as guarantee for long-term accounts receivable as of March 31, 2022, December 31, 2021 and March 31, 2021.
7. The Group did not pledge long-term notes and accounts receivable as guarantee on March 31, 2022, December 31, 2021 and March 31, 2021.
8. For the credit risk information of long-term notes and accounts receivable, please refer to note 12(2) "Explanation of financial instruments."

(11) Impairment of non-financial assets

1. The Group did not recognize any impairment loss for three months ended March 31, 2022 and 2021.
2. As of March 31, 2022, December 31, 2021 and March 31, 2021, the cumulative impairment loss of property, plant and equipment after recognition and disposal and reversal was NT\$42 respectively.

(12) Short term borrowings

Nature of borrowing	March 31, 2022	Interest rate range	Guarantees
Bank loans			
Unsecured loans	\$ 392,933	0.70%~1.71%	None
Secured loans	589,348	1.65%~10.75%	note
	<u>\$ 991,281</u>		

Nature of borrowing	December 31, 2021	Interest rate range	Guarantees
Bank loans			
Unsecured loans	1,080,549	0.52%~1.71%	None
Secured loans	561,822	1.50%~9.75%	note
	<u>1,642,371</u>		

Nature of borrowing	March 31, 2021	Interest rate range	Guarantees
Bank loans			
Unsecured loans	\$ 1,460,545	0.76%~1.71%	None
Secured loans	599,030	1.65%~10.75%	note
	<u>\$ 2,059,575</u>		

(Note) For the collateral for the above-mentioned short-term loans, please refer to note 8 “Explanation of pledged assets.”

For the interest expenses recognized in the profit and loss for three months ended March 31, the Republic of China 111 and 110, please refer to Note VI. (26) Explanation of Financial Costs.

(13) Short-term notes and bills payable

	March 31, 2021	Mortgage or guarantee
Payable commercial promissory note	\$ 40,000	None
Less: unamortized discount	(34)	
	<u>\$ 39,966</u>	
Issuing interest rate range	1.04%	

1. There was no such transaction for the year ended December 31, 2021 and three months ended March 31, 2022.
2. The above-mentioned commercial promissory notes payable are issued under the guarantee of the bill company for short-term capital turnover.
3. For the interest expenses recognized in the profit and loss for three months ended March 31, 2021, please refer to Note VI. (26) Explanation of Financial Costs. There was no such transaction for three months ended March 31, 2022.

(14) Bonds payable

	March 31, 2022	December 31, 2021	Collateral
Guaranteed corporate bonds payable	\$ 3,000,000	\$ 3,000,000	(Note)
Guaranteed Convert corporate bonds payable	1,600,000	-	-
	<u>\$ 4,600,000</u>	<u>\$ 3,000,000</u>	
Less : Discount on bonds payable	(47,580)	-	
	<u>\$ 4,552,420</u>	<u>\$ 3,000,000</u>	

There was no such transaction for the year ended March 31, 2021.

(Note) Details of the collateral provided for bonds payable are provided in Note 8, 'Pledged assets'.

1. The Company was issued the first domestic guaranteed bonds payable from October 2021, its main issuance conditions are as follows:
 - A. The Company was approved by the competent authority to raise and issue the first domestic guaranteed bonds payable with a total amount of \$3,000,000(Related issue costs \$5,650), with a coupon rate of 0.65% and a maturity period of 7 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the bonds upon maturity.
 - B. First Commercial Bank Co., Ltd. was appointed as the guarantor bank for the bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
 - C. The principal and simple interest will be paid every year by coupon rate since the day approved to issue. If the local financial institutions are closed in payment day, the principal and interest will be paid on the next operating day without extra interest.
2. The Company was issued the first, second and third domestic Guaranteed convert corporate bonds from March 2022, its main issuance conditions are as follows:
 - A. The Company was approved by the competent authority to raise and issue the first ,second and third domestic guaranteed bonds payable with a total amount of \$700,000(Related issue costs \$2,432) 、\$500,000(Related issue costs \$2,006) 、\$400,000(Related issue costs \$1,417), respectively. Issuance price were \$779,162, \$557,563 and \$445,004, respectively with a coupon rate of 0% and a maturity period of 3 years from October 15, 2021 to October 15, 2028. The bonds are repayable in cash at the face value of the Convert corporate bonds upon maturity.
 - B. The first, second and third convertible corporate bonds were respectively entrusted by Changhua Bank Co., Ltd., Huanan Bank Co., Ltd. and Shanghai Commercial Savings Bank Co., Ltd. as guarantee banks. The guarantee period is from the date of full collection of the convert corporate bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
 - C. Convertible corporate bonds for bondholders will start from the day following the

expiration of three months after the issuance date of each bond (June 26, 2022) and end on the maturity date (March 25, 2025), unless it is suspended according to regulations or laws. Outside the transfer period, the Company may request to be converted into ordinary shares of the Company at any time, and the rights of ordinary shares after conversion are the same as those of the original issued ordinary shares.

- D. The conversion price for the conversion of corporate bonds is determined by the pricing model stipulated in each conversion method. In the event that the company has an anti-dilution clause in the subsequent conversion price, it will be adjusted according to the pricing model specified in the conversion method. On the base date, the conversion price will be re-determined according to the pricing model stipulated in the conversion regulations. If it is higher than the conversion price before the re-determination in the current year, no adjustment will be made.
 - E. From the day following the 3-month issuance date of each convertible corporate bond (June 26, 2022) to the 40th day of the issuance period (February 13, 2025), if the closing price of the company's ordinary shares is for 30 consecutive business days If it exceeds the current conversion price by more than 30%, the company may, within the next 30 business days, recover all its bonds in cash according to the denomination of the bonds; or the day following the 3 months after the issuance of the convertible corporate bonds (June 26, 2022) From the 40th day to the expiry of the issuance period (February 13, 2025), when the outstanding amount of the convertible corporate bonds in circulation is less than 10% of the original issuance amount, the company may recover the bonds in cash at any time thereafter according to the denomination of the bonds. All bonds.
 - F. According to the provisions of the conversion method, all the company's repossession (including the repurchase by the business office of the securities firm). The converted corporate bonds that have been repaid or converted will be cancelled, and all rights and obligations still attached to the corporate bonds will also be extinguished and no longer issued.
3. When the company issues convertible corporate bonds, in accordance with the provisions of Amendments to IAS 32 "Financial Instruments: Expression", the conversion right which is of the nature of equity is separated from each liability component, and the account is "capital reserve-share options". \$221,790. Another embedded repurchase option, in accordance with Amendments IFRS No. 9 "Financial Instruments", is separated and accounted for on a net basis because it is not closely related to the economic characteristics and risks of the main contract debt commodity. In the column "Financial assets at fair value through profit and loss - non-current", the effective interest rates of the main contract debt after the first, second and third convertible corporate bonds are separated are 0.09%, 0.9% and 0.91%, respectively.
 4. Interest expense recognized in profit or loss for January to March in 2022 and 2021 is described in Note 6, (26), Financial costs.

(15) Provision for liabilities – current

	Warranty preparation	
	January to March of 2022	January to March of 2021
Opening Balance	\$ 8,275	\$ 6,722
Additional provisions	342	1,111
Used during the year	(296)	(298)
Unused amounts reversed	(623)	(945)
Ending balance	\$ 7,698	\$ 6,590

The Group provides warranties on machinery products sold. Provision for warranty is estimated based on historical warranty data of such products.

(16) Long term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	2018.5.14~2023.5.14	8.75%~10.73%	Refer to Note 8	\$ 29,253
Less: Current portion				(23,474)
				\$ 5,779
Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Secured borrowings	2017.9.22~2025.3.30	1.65%~10.73%	Refer to Note 8	\$ 624,826
Less: Current portion				(22,997)
				\$ 601,829
Type of borrowings	Borrowing period	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings				
Secured borrowings	2017.9.22~2025.3.30	0.97%~10.73%	Refer to Note 8	2,594,190
Less: Current portion				(272,396)
				\$ 2,321,794

1. Due to financial planning considerations, the Company repaid in advance the long-term guaranteed bank loans due on March 30, 2025 and December 15, 2022 in the first quarter of 2022 and the fourth quarter of 2021, respectively.

2. Details of interest expense recognized in profit or loss for the three-month periods ended March 31, 2021 and 2020 are provided in Note 6(26), 'Finance costs'.

(17) Pension

1. In accordance with the provisions of the "Labor Standards Act" of the Republic of China, the Company and its domestic subsidiaries have established retirement measures with defined benefits applicable to various service years of all regular employees before the

implementation of the “Labor Pension Act” of the Republic of China on July 1, 2015, as well as the subsequent years of service of employees who choose to continue to apply the Labor Standards Act after the implementation of the “Labor Pension Act” of the Republic of China. For employees who meet the requirements for retirement, the pension payment is calculated based on the years of service and the average salary of the 6 months before retirement. Two base points are given for each year of service under 15 years (inclusive), and for each year of service over 15 years, one base point is given for one full year, but the cumulative maximum is limited to 45 base points. The company and domestic subsidiaries contribute 4% and 15% of the total salary to the retirement fund on a monthly basis respectively and deposits it in a special account at the Bank of Taiwan in the name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve fund in the preceding paragraph. If the balance is insufficient to pay the pension amount of the forecasted eligible employees in the next year in accordance with the foregoing calculation, the Company will allocate the difference in one go before the end of the month. The relevant information about the above-mentioned defined welfare pension measures and the fact that the defined welfare pension measures apply to the subsidiary PT. Moonlion Industries Indonesia is disclosed as follows:

- (1) Retirement costs recognized by the Group in accordance with the above-mentioned pension measures for three months ended March 31, 2022 and 2021 were NT\$2,523 and NT\$2,667, respectively.
 - (2) The estimated contribution of the Group to the retirement plan in the next year is NT\$3,161.
2. Since July 1, 2005, the Company and its domestic subsidiaries have established defined retirement measures in accordance with the “Labor Pension Act” of the Republic of China applicable to employees of the ROC nationality. The employees of the Company and its domestic subsidiaries who choose to apply the labor pension system stipulated in the “Labor Pension Act” of the Republic of China, 6% of their salaries is allocated to the individual accounts of the employees at the Labor Insurance Bureau. The payment is based on the employee’s individual retirement pension account and the amount of accumulated income, and is received by the employee in the form of monthly pension or lump-sum pension. In accordance with the pension insurance system prescribed by the government of the People’s Republic of China, the subsidiaries of the Group allocate pension insurance funds at a certain rate of the total salary of local employees every month, and the retirement pension of each employee is managed and arranged by the local government. Subsidiaries have no further obligations except for monthly allocations. The cost of pensions recognized in accordance with the above-mentioned pension measures for three months ended March 31, 2022 and 2021 were NT\$15,566 and NT\$11,765, respectively.

(18) Share capital

1. Movements in the number of the Company's ordinary shares outstanding are as follows:
(Unit: Shares in thousands)

	January to March of 2022	January to March of 2021
Number of shares at the beginning and end of the year	287,774	287,774

2. Treasury shares

- (1) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (Unit: Shares in thousands)

Reason for reacquisition	January to March of 2022			Number of shares at the end of the year
	Number of shares at the beginning of the year	Addition	Decrease	
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	-	-	22,314

Reason for reacquisition	January to March of 2021			Number of shares at the end of the year
	Number of shares at the beginning of the year	Addition	Decrease	
Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	23,830	-	-	23,830

- (2) The subsidiary sold 1,516 thousand shares of the company in July, 2021. The selling price and book value (cost) were \$60,394 and \$21,715 respectively, and the recognized gain of disposition was \$38,679 (listed "Capital Reserve-Treasury Stock Transaction"). On March 31, 2022, December 31, 2021 and March 31, 2021, the book value (cost) were NT\$267,195, NT\$267,195 and NT\$288,910; the fair value was \$676,128, \$691,748 and \$475,417, respectively. The parent company's shares held by subsidiaries are treated as treasury stocks; they still enjoy the right to dividend distribution, and are included in the "capital reserve – treasury stock trading" item. The cash dividends paid to subsidiaries for three months ended March 31, 2022 and 2021 were NT\$22,314 and NT\$14,298, respectively.
- (3) The reasons and the number of shares bought back on March 31, 2022, December 31, 2021 and March 31, 2021 remained unchanged, and the details are as follows:

		March 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	\$ 267,195
		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	22,314	\$ 267,195
		March 31, 2021	
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount
Chun Yu Investment Co., Ltd.	Acquisition of the parent company's share by subsidiaries transferred to treasury share from long-term investments	23,830	\$ 288,910

2. As of March 31, 2022, the Company's authorised capital was \$3,920,696, and the paid-in capital was \$2,877,740, consisting of 287,774 thousand ordinary shares, with a par value of \$10 (in dollars) per share which were issued in several installments. All proceeds from shares issued have been collected.

(19) Capital surplus

- Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. The changes in the capital reserves for three months ended March 31, 2022 and 2021 are as follows:

January to March of 2022	Stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	\$ -	\$ 26,901	\$ 195,202	\$ 222,103
Issuance of convertible corporate bonds	221,790	-	-	221,790
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	-	22,314	22,314
Balance at the end of year	\$ 221,790	\$ 26,901	\$ 217,516	\$ 466,207

January to March of 2021	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Treasury share transactions	Total
Balance at the beginning of year	\$ 26,901	\$ 131,068	\$ 157,969
Transfers to capital surplus for the Company's dividends received by subsidiaries	-	14,298	14,298
Balance at the end of year	\$ 26,901	\$ 145,366	\$ 172,267

2. Details of 'Capital surplus, stock warrants' are provided in Note 6(14), 'Share capital'.
3. Details of 'Capital surplus, treasury stock transactions' are provided in Note 6(18), 'Share capital'.

(20) Retained earnings

1. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
2. Under the Company's Articles of Incorporation, the Company may distribute earnings or offset losses at the end of each half fiscal year in accordance with the Company Act. When distributing earnings, the Company shall estimate and reserve for taxes payable, offset losses and set aside as legal reserve until the legal reserve equals the paid-in capital in accordance with the regulations. Where dividends are distributed in the form of cash, it shall be approved by the Board of Directors. Where dividends are distributed by issuing new shares, it shall be approved by the stockholders in accordance with the regulations.

The current year's earnings, if any, shall first be used to pay all taxes, offset prior years'

operating losses, set aside 10% of the remaining amount as legal reserve and then reverse or set aside as special reserve in accordance with relevant regulations. The remaining earnings along with accumulated unappropriated earnings from prior years will be the accumulated distributable earnings, and the Board of Directors will present a proposal of the earnings distribution for the approval of the shareholders. Where dividends and bonus, capital surplus and legal reserve, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders' meeting. The regulation in relation to approval from the shareholders is not applicable. In principal, at least 50% of earnings, after considering the capital needs for current and future development and the interest of shareholders, shall be distributed as dividends according to the dividend policy. However, if there is a need due to changes in the industry's environment or operational plans, the Board of Directors may present a proposal to adjust the ratio for the approval of the shareholders.

3. Special reserve:

- (1) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (2) The amount of \$430,610 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

4. The Company recognised cash dividends distributed to owners amounting to \$316,551 (\$1.1 (in dollars) per share) Including the first half of 2021 earnings distribution plan to distribute cash dividends of \$143,887 (\$0.5 (in dollars) per share) and the 2020 annual earnings distribution plan to distribute cash dividends of \$172,664 (\$0.6 (in dollars) per share) On March 10, 2022, the Board of Directors approved the distribution of cash dividends from 2021 earnings in the amount of \$287,774 (\$1.0 (in dollars) per share) and the dividend has not yet been distributed (listed under "other payables"). On March 10, 2022, the Board of Directors proposed for the distribution of share dividends from 2021 earnings in the amount of \$143,887 (\$0.5 (in dollars) per share), and to be determined by the stockholders' meeting.

(21) Other equity

	January to March of 2022		
	Currency translation	Unrealized gains(losses) on valuation	Total
At January 1, 2022	(\$ 214,721)	\$ 6,765	(\$ 207,956)
Revaluation – currency translation	67,678	-	67,678
Revaluation – unrealized gains (losses) on valuation	-	(2,065)	(2,065)
At March 31, 2022	(\$ 147,043)	\$ 4,700	(\$ 142,343)
	January to March of 2021		

	Currency translation	Unrealized gains(losses) on valuation	Total
At January 1, 2021	(\$ 185,009)	\$ 22,362	(\$ 162,647)
Revaluation – currency translation	(18,672)	-	(18,672)
Revaluation – unrealized gains (losses) on valuation	-	34,299	34,299
At March 31, 2021	(\$ 203,681)	\$ 56,661	(\$ 147,020)

(22) Operating revenue

	January to March of 2022	January to March of 2021
Revenue from contracts with customers	\$ 3,055,669	\$ 2,316,921

1. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines:

	January to March of 2022		
Major product line	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,405,923	\$ -	\$ 1,405,923
Wire rods	900,465	-	900,465
Machinery and equipment	-	232,448	232,448
Billet	373,018	-	373,018
Other	119,196	24,619	143,815
	<u>\$ 2,798,602</u>	<u>\$ 257,067</u>	<u>\$ 3,055,669</u>

	January to March of 2021		
Main product line	Screw segment	Machinery segment	Total
Screws and nuts	\$ 1,314,746	\$ -	\$ 1,314,746
Wire rods	693,059	-	693,059
Machinery and equipment	-	244,570	244,570
Other	54,099	10,447	64,546
	<u>\$ 2,061,904</u>	<u>\$ 255,017</u>	<u>\$ 2,316,921</u>

2. Contractual liabilities

- (1) AS of March 31, 2021, December 31, 2020 and March 31, 2020, the Group has recognized revenue-related contract liabilities of \$443,415 , \$407,343 and \$311,537, respectively.
- (2) The contractual liabilities of the Group as of January 1, 2022 and 2021 were NT\$407,343 and NT\$243,739, respectively, and the revenue recognized for three months ended March 31, 2022 and 2021 were NT\$150,737 and NT\$81,071, respectively.

(23) Interest income

	January to March of 2022	January to March of 2021
Interest income from bank deposits	\$ 957	\$ 540
Other interest	2,381	2,859
	<u>\$ 3,338</u>	<u>\$ 3,399</u>

(24) Other income

	January to March of 2022	January to March of 2021
Rent income	370	\$ 441
	\$	
Dividend income	2,627	-
Government grants	626	-
Other income	1,565	14,494
	<u>\$ 5,188</u>	<u>\$ 14,935</u>

(25) Other gains and losses

	January to March of 2022	January to March of 2021
Gains on financial assets at fair value through profit or loss	\$ 4,276	(\$ 190)
(Losses) gains on disposal of property, plant and equipment	9	(224)
Net foreign exchange gains(loss)	6,630	(2,806)
Miscellaneous disbursements	(799)	(2,284)
	<u>\$ 10,116</u>	<u>(\$ 5,504)</u>

(26) Finance costs

	January to March of 2022	January to March of 2021
Interest expenses:		
Bank borrowings	\$ 18,496	\$ 21,176
Ordinary bonds payable	7,054	-
Convert corporate bonds	1,540	-
Interest on lease liabilities	250	651
	<u>\$ 27,340</u>	<u>\$ 21,827</u>

(27) Expenses by nature

January to March of 2022			
	Classified as	Classified as	
	operating costs	operating expenses	Total
Employee benefit expense	\$ 219,765	\$ 122,909	\$ 342,674
Depreciation	53,058	14,210	67,268
Amortization	106	938	1,044
	<u>\$ 272,929</u>	<u>\$ 138,057</u>	<u>\$ 410,986</u>

January to March of 2021			
	Classified as	Classified as	
	operating costs	operating expenses	Total
Employee benefit expense	\$ 216,450	\$ 107,847	\$ 324,297
Depreciation	60,588	15,524	76,112
Amortization	115	1,070	1,185
	<u>\$ 277,153</u>	<u>\$ 124,441</u>	<u>\$ 401,594</u>

(28) Employee benefit expense

January to March of 2022			
	Classified as	Classified as	
	operating costs	operating expenses	Total
Wages and salaries	\$ 185,666	\$ 95,457	\$ 281,123
Labour and health insurance fees	15,607	7,617	23,224
Pension costs	11,828	6,261	18,089
Other personnel expenses	6,664	13,574	20,238
	<u>\$ 219,765</u>	<u>\$ 122,909</u>	<u>\$ 342,674</u>

January to March of 2021			
	Classified as	Classified as	
	operating costs	operating expenses	Total
Wages and salaries	\$ 186,325	\$ 93,085	\$ 279,410
Labour and health insurance fees	14,704	5,509	20,213
Pension costs	9,767	4,665	14,432
Other personnel expenses	5,654	4,588	10,242
	<u>\$ 216,450</u>	<u>\$ 107,847</u>	<u>\$ 324,297</u>

1. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 2% for employees' compensation and shall not be higher than 2% for directors' remuneration. However, if the Company has accumulated deficit, the earnings shall be reserved to offset losses.
2. For the three-month periods ended March 31, 2022 and 2021, employees' compensation was accrued at \$2,708 and \$2,097, respectively; while directors' remuneration was accrued at \$2,800 and \$2,250, respectively. The aforementioned amounts were recognized in salary expenses and were accrued based on the earnings of current year and the percentage prescribed by the Company's Articles of Incorporation. Employees' compensation and directors' remuneration for 2021 both amounting to \$16,981 as resolved at the meeting of Board of Directors were in agreement with those amounts

recognised in the 2021 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

1. Components of income tax expenses:

(1) Components of income tax expenses:

	January to March of 2022	January to March of 2021
Current tax:		
Current tax on profits for the year	\$ 64,910	\$ 23,245
Prior year income tax under estimation	-	(199)
Total current tax	<u>64,910</u>	<u>23,046</u>
Deferred tax:		
Origination and reversal of temporary differences	(15,818)	18,386
Income tax expense	<u>\$ 49,092</u>	<u>\$ 41,432</u>

(2) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	January to March of 2022	January to March of 2021
Currency translation differences	<u>\$ 4,818</u>	<u>(\$ 621)</u>

2. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of May 12, 2022.

(30) Earnings per share

	January to March of 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 151,939	265,460	\$ 0.57
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 151,939	265,460	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	512	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 151,939	265,972	\$ 0.57

	January to March of 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,469	263,944	\$ 0.47
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,469	263,944	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	-	269	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 123,469	264,213	\$ 0.47

(31) Supplementary cash flow information

1. Investment and financing activities with partial cash payments:

	January to March of 2022	January to March of 2021
(1) Purchase of property, plant and equipment	\$ 29,326	\$ 7,129
Add: Opening balance of payable on equipment (shown as 'Notes payables')	-	4,200
Opening balance of payable on	22,043	25,545

equipment(shown as 'Other payables')		
Less: Ending balance of payable on equipment(shown as 'Other payables')	(15,898)	(21,589)
Cash paid for acquisition of property, plant and equipment	<u>\$ 35,471</u>	<u>\$ 15,285</u>
	January to March of 2022	January to March of 2021
(2) Cash dividends declared	<u>\$ 287,774</u>	<u>\$ 172,664</u>
Less: Dividends received by subsidiaries for holding the parent company's shares	(22,314)	(14,298)
Ending balance of payable on cash dividends (shown as 'Other payables')	(265,460)	(158,366)
Cash dividends paid	<u>\$ -</u>	<u>\$ -</u>
2. Operating and investing activities with no cash flow effects:		
	January to March of 2022	January to March of 2021
(a) Dividends receivable (shown as 'Other receivables')	<u>\$ 2,627</u>	<u>\$ -</u>
(b) Write-offs of uncollectible receivables	<u>\$ 3,022</u>	<u>\$ -</u>
(c) Inventories transferred to property, plant and equipment	<u>\$ 15,495</u>	<u>\$ 1,813</u>
(d) Prepayments for business facilities transferred to property, plant and equipment	<u>\$ 21,046</u>	<u>\$ 6,358</u>
(e) Prepayments for business facilities transferred to intangible assets	<u>\$ 275</u>	<u>\$ -</u>

(32) Changes in liabilities from financing activities

	Short term borrowings	Lease liability	Bonds payable	Long-term borrowings (including current portion)	Guarantee Deposits received	Liabilities from Financing activities-gross
January 1, 2022	\$ 1,642,371	\$ 35,449	\$3,000,000	\$ 624,826	\$ 457	\$ 5,303,103
Changes in cash flow from financing activities	(651,090)	(5,547)	1,775,874	(595,573)	-	523,664
Changes in unamortized discount	-	-	269	-	-	269
Changes in other non-cash items	-	-	(223,723)	-	-	(223,723)
Impact of changes in foreign exchange rate	-	708	-	-	-	708
March 31, 2022	<u>\$ 991,281</u>	<u>\$ 30,610</u>	<u>\$4,552,420</u>	<u>\$ 29,253</u>	<u>\$ 457</u>	<u>\$ 5,604,021</u>

	Short-term borrowings	Short-term notes and bills payable	Lease liability	Long-term borrowings (including current portion)	Guarantee Deposits received	Liabilities from Financing activities-gross
January 1, 2021	\$ 1,995,653	\$ 39,957	\$ 98,350	\$ 2,460,615	\$ 564	\$ 4,595,139
Changes in cash flow from financing activities	63,922	-(6,406)	133,575	-	-	191,091
Changes in other non-cash items	-	9	1,002	-	-	1,011
Impact of changes in foreign exchange rate	-	-	15	-	-	15
March 31, 2021	<u>\$ 2,059,575</u>	<u>\$ 39,966</u>	<u>\$ 92,961</u>	<u>\$ 2,594,190</u>	<u>\$ 564</u>	<u>\$ 4,787,256</u>

VII. Related party transactions

(1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Group</u>
OFCO Industrial Corp.	Other related parties
Gloria Material Technology Corp.	Other related parties
S-Tech Corp.	Other related parties
Taiwan Steel Transportation Co., Ltd.	Other related parties
TSG Environmental Technology Corp.	Other related parties

(2) Major transactions with related parties

1. Operating revenue

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Sale of goods:		
Other related parties	\$ <u>186,860</u>	\$ <u>105,216</u>

The sales transactions between the Group and related parties are handled in accordance with the general sales conditions, and the payment period has an average of 2 months. The sales of machinery and equipment are handled in accordance with the contract and some are sold in installments with a period of 1 to 3 years, and 3 to 4 months for spare parts.

2. Purchase

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Purchase of goods:		
Other related parties	\$ <u>1,861</u>	\$ <u>3,320</u>

The purchase price and purchase conditions of the Group from related parties are roughly the same as those for general suppliers. The average payment period is 1 to 2 months, but the payment period may be extended by the parties' agreement based on the funding situation.

3. Acquisition of property, plant and equipment

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Other related parties	\$ <u>500</u>	\$ <u>-</u>

The Group purchased real estate, plant and equipment from related parties through negotiation.

4. Other expenses

	January to March of 2022	January to March of 2021
Other related parties	<u>15,057</u>	<u>\$ 10,617</u>

5. Amounts receivable from related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable			
Other related parties	<u>\$ 34,874</u>	<u>\$ 25,892</u>	<u>\$ -</u>
Accounts Receivable			
Other related parties	<u>101,793</u>	<u>149,227</u>	<u>75,883</u>

6. Contract liabilities-current

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ 6,690</u>

7. Amounts due to related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable			
Other related parties	<u>- \$</u>	<u>1,575</u>	<u>\$ -</u>
Accounts payable			
Other related parties	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ 2,632</u>
Other payables			
Other related parties	<u>\$ 15,416</u>	<u>\$ 18,093</u>	<u>\$ 10,430</u>

(3) Key management salary information

	January to March of 2022	January to March of 2021
Wages and salaries and other short-term benefits	<u>\$ 14,619</u>	<u>\$ 15,884</u>

VIII. Pledged assets

The Group's assets pledged as collateral are as follows:

Asset name	March 31, 2022	December 31, 2021	March 31, 2021	Purpose
Pledged demand deposits (note 1)	<u>\$ 6,411</u>	<u>\$ 8,787</u>	<u>\$ 18,290</u>	Guarantee, collateral for short-term and long-term borrowings
	<u>79,200</u>	<u>79,200</u>	<u>79,200</u>	Collateral for short-term and long-term borrowings
Stocks of listed and OTC companies (note 2)	<u>-</u>	<u>112,056</u>	<u>250,302</u>	Collateral for long-term borrowings
Land (note 3)	<u>453,275</u>	<u>453,275</u>	<u>834,277</u>	Collateral for short-term and long-term borrowings
Buildings and construction – net (note 3)	<u>122,382</u>	<u>121,994</u>	<u>189,800</u>	Collateral for short-term and long-term borrowings

Machinery and equipment – net (note 3)	49,605	48,499	50,720	Collateral for short-term and long-term borrowings
Right-of-use assets	15,315	14,906	15,326	Collateral for short-term borrowings
The Company's shares (note 4)	-	-	29,925	Collateral for long-term borrowings
	<u>\$ 726,188</u>	<u>\$ 838,717</u>	<u>\$ 1,467,840</u>	

(Note 1) Listed under “Other financial assets – current” and “Other non-current financial assets.”

(Note 2) Listed under “Financial assets measured at fair value through other comprehensive income -non-current.”

(Note 3) Listed under “Property, plant and equipment.”

(Note 4) The subsidiary pledged the Company's shares which are listed under “Treasury stocks.”

IX. Significant ContiSngent Liabilities and Unrecognised Contract Commitments

- (1) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's capital expenditures contracted for at the balance sheet date but not yet incurred were NT\$20,642, NT\$17,383 and NT\$5,049, respectively.
- (2) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's line of credit issued but not yet negotiated were NT\$318,700, NT\$688,076 and NT\$223,592, respectively.
- (3) For situations where the Group endorses/guarantees for others, please refer to note 13(1) 2. Explanation of endorsements/guarantees for others.
- (4) The company signed a medium-term secured syndication loan contract with 10 financial institutions including First Commercial Bank on October 5, 2019, , with a total credit line of NT\$1,790,000 (including a credit line of NT\$590,000 for item A, a credit line of NT\$1,200,000 for item B, and a credit line of NT\$720,000 for item C), of which the total drawdown balance of item B and item C shall not exceed the credit line of item B. The credit period is 5 years for each credit item, and the following items are committed to the credit bank syndicate during the credit period:
 1. During the credit period, the Company must maintain the following financial ratios in accordance with the audited consolidated financial statements by the certified public accountant, and be inspected once a year:
 - (1) Current ratio: The ratio of current assets to current liabilities shall not be less than 100%.
 - (2) Debt ratio: The ratio of total debt to tangible equity shall not be higher than 200%.
 - (3) Times interest earned: The ratio of the total amount of pre-tax net income, interest expenses, depreciation expenses and amortization expenses to interest expenses shall not be less than two times.
 - (4) Tangible rights and interests: The amount of net value minus intangible assets shall not be less than \$3,000,000.
 2. If the Company is unable to meet the financial ratios and standards above, for the period from the date of notification by the management bank to the date of submitting a conforming consolidated financial report, the interest rate of this credit extension shall be increased by 0.10% per annum. Non-compliance with the aforementioned financial ratios shall not be regarded as a breach of contract.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not breach the

commitments to the aforementioned financial ratios.

- (5) On December 15, 2017, the Company entered into a mid-term secured syndicated loan agreement with 7 banks including First Commercial Bank for a credit facility of \$3,000,000 (including Tranche A facility amount of \$1,200,000 and Tranche B facility amount of \$1,800,000). The term for each tranche is 5 years. The Company's commitments to banking syndicate during the terms of syndicated loan are as follows:
- i. During the terms of the syndicated loan, the financial covenants stated in the Company's consolidated financial statements audited by independent auditors shall comply with the following financial covenants and will be assessed once a year:
 - (a) Current ratio: The ratio of current assets to current liabilities shall not be lower than 100%.
 - (b) Debt ratio: The ratio of total liabilities to tangible equity shall not be higher than 200%.
 - (c) Interest coverage ratio: The ratio of total amount of income before tax, interest expense, depreciation and amortisation to interest expense shall not be lower than 200%. Times interest earned: The ratio of the total amount of pre-tax net income, interest expenses, depreciation expenses and amortization expenses to interest expenses shall not be less than two times.
 - (d) Tangible equity: The amount of net assets less intangible assets shall not be lower than \$3,000,000.
 - ii. If the Company fails to comply with the aforementioned financial covenants, the Company is required to pay additional interest rate of 0.10% per annum over the interest rate applicable to this agreement during the period from the date of notification sent by the managing bank to the date that consolidated financial statements, which meet all requirements, are provided. The aforesaid failure to comply with financial covenants will not be regarded as an event of default if additional interest is paid.

As of March 31, 2021 and 2020, the Group did not breach commitments on aforementioned financial covenants.

- (6) The Company is involved in a lawsuit filed by Mr. Li, Shi-Ren in 2012 relating to whether an employment relationship existed between both parties. Mr. Li, Shi-Ren claimed that he served in an investee of the Company for 26 years and 8 months and requested the Company to pay pension for a total amount of USD 642 thousand. On February 27, 2014, the Taiwan Kaohsiung District Court rendered a decision that the Company is liable for the USD 642 thousand pension payment. The Company disagreed with the decision and appealed during the legal period. On April 29, 2016, the Taiwan High Court Kaohsiung Branch Court revoked the original decision rendered on February 27, 2014 and rendered a decision that the litigation expenses incurred thereby shall be borne by the appellant (Li, Shi-Ren). Subsequently, Li, Shi-Ren appealed to the Supreme Court. On August 2, 2018, the Supreme Court, after reviewing the case, revoked the decision except for the provisional execution and remanded the case to the Taiwan High Court Kaohsiung Branch Court. On April 15, 2020, following the first decision by the Supreme Court, the Taiwan High Court Kaohsiung Branch Court rendered a decision on the case no. 2018-Zhong-Lao-Shang-Geng-Yi-Zi-1, in which both of the appellant's (Li, Shi-Ren) appeal with the first instance court and motion for provisional execution are dismissed, and the appellant shall bear the relevant litigation expenses. Li, Shi-Ren continued to appeal, but the case is now pending with the Supreme Court. None.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

None.

XII. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial risk management policies

1. Financial instruments by category

Details of the Group's financial instruments by category are provided in Note 6.

2. Financial risk management policies

(A) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(2) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for over all risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Significant financial risks and degrees of financial risks

(1) Market risk

A. Foreign exchange risk

(A) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the RMB, USD and IDR. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(B) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. The Group treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk

arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

- (C) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB and IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 17,770	28.63	\$ 508,675
USD: RMB	2,627	6.3482	75,194
EUR: NTD	1,256	31.92	40,100
EUR: RMB	394	6.348	11,269
RMB: NTD	32,565	4.508	146,816
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	2,011	28.63	57,552
USD: RMB	2,440	6.3482	69,834
December 31, 2021			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	₤ 11,599	27.68	\$ 321,086
USD: RMB	3,778	6.3680	104,522
EUR: NTD	1,199	31.32	37,541
EUR: RMB	1,095	7.220	34,346
RMB: NTD	3,259	4.346	14,159
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	9,325	27.68	258,124
USD: RMB	3,540	6.3680	97,928
USF: IDR	2,977	13,980	82,411
EUR: NTD	767	31.32	24,016

	March 31, 2021		
(Foreign currency: functional currency)	Foreign currency	Exchange	Book value
	amount (In thousands)	rate	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 13,933	28.54	\$ 397,574
USD: RMB	3,872	6.5713	110,507
EUR: NTD	175	33.48	5,853
EUR: RMB	469	7.703	15,680
RMB: NTD	8,254	4.343	35,847
JPY: NTD	17,657	0.2577	4,557
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	7,975	28.54	227,555
USD: RMB	2,983	6.5713	85,134
USD: IDR	1,810	14.525	52,053
EUR: NTD	207	7.703	6,929

Sensitivity analysis of foreign-currency exchange rate risk is mainly calculated based on foreign currency items at the end of the financial reporting period. When the New Taiwan dollar appreciates/depreciates by 1% against each foreign currency, the net profit of the Group in the period of 2022 and January to March of 2021 will decrease or increase by NT\$5,228 and NT\$1,592.

The aggregate amounts of the Group's monetary items recognized for three months ended March 31, 2022 and 2021 (both realized and unrealized) that have a significant impact due to exchange rate fluctuations are NT\$6,630 and NT\$(2,806), respectively.

B. Price risk

- (A) The Group's equity instruments exposed to price risk are financial assets measured at fair value through income statement and financial assets measured at fair value through other comprehensive income held by the Group. In order to manage the price risk of equity instrument investment, the Group diversified its investment portfolio, and the method of diversification was carried out in compliance with the limits set by the Group.
- (B) The Group mainly invests in equity instruments issued by domestic companies. The prices of these equity instruments will be affected by the uncertainty of the future values of the investment targets. If the prices of these equity instruments rise or fall by 1% while all other factors remain unchanged, the net profit after tax for the period for three months ended March 31, 2022 and 2021 due to the gain or loss of equity instruments measured at fair value through income statement will increase or decrease by NT\$559 or NT\$1,063, respectively; the net profit after tax due to the gain or loss of equity instruments measured at fair value through other comprehensive income will increase or decrease by NT\$6,266 or NT\$6,789, respectively.

C. Cash flow and fair value interest rate risk

- (A) The interest rate risk of the Group mainly comes from loans issued at floating interest rates which expose the Group to cash-flow interest rate risk. For three months ended March 31, 2022 and 2021, the Group's loans issued at floating interest rates were mainly denominated in New Taiwan dollars, US dollars, renminbi and Indonesian rupiah.
- (B) The Group's loans are measured by amortized cost, and the prices will be adjusted according to the contractual interest rates each year. Therefore, the Group is exposed to the risk of future market interest rate changes.
- (C) When the loan interest rate rises or falls by 1% while all other factors remain unchanged, the net profit after tax for three months ended March 31, 2022 and 2021 will decrease or increase by NT\$215 or NT\$170 respectively, mainly due to floating Interest rate loans which result in changes in interest expenses.

(2) Credit risk

- A. The credit risk of the Group is the risk of the failure of customers or counterparties of financial instruments to fulfill their contractual obligations, thus resulting in the Group's financial losses. The risk mainly comes from the failure of counterparties to settle accounts receivable to be paid in accordance with the terms of fund collection.
- B. The Group established the credit risk management mechanism from the perspective of the Group. For banks and financial institutions, it is set that only those with a certain independent credit rating or above can be accepted as transaction counterparties. In accordance with the internally specified credit policy, management and credit risk analysis must be conducted for each operating entity within the Group and each new customer before the setting of payment and delivery terms and conditions. The internal risk control system is used to evaluate the credit quality of customers by considering their financial status, past experience and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. The Group adopts IFRS 9 on the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:

When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- D. When the investment target with an independent credit rating is reduced by two levels, the Group judges that the credit risk of the investment target has increased significantly.
- E. When the default rate of the investment target exceeds 10%, the Group judges that the credit risk of the investment target has increased significantly.
- F. The Group adopts IFRS 9 on premise assumptions. When the contractual payment is overdue for more than 90 days according to the agreed payment terms, it is deemed that there has been a breach of contract.

- G. The Group classifies customers' accounts receivable according to the characteristics of the trade credit risk, adopts a simplified approach to estimate expected credit losses with a preparation matrix, and estimates the allowance for losses of accounts receivable based on the loss rate established based on historical and current information in a specific period. The changes in allowance for losses of notes receivable and accounts receivable based on the Group's simplified method are as follows:

January to March of 2022			
	Notes receivable	Accounts receivable	Total
Balance at January 1	\$ 252	\$ 29,118	\$ 29,370
Expected credit loss	(32)	(135)	(167)
Write-offs	-	(3,022)	(3,022)
Effect of foreign exchange	6	767	773
Balance on March 31	<u>\$ 226</u>	<u>\$ 26,728</u>	<u>\$ 26,954</u>

January to March of 2021			
	Notes receivable	Accounts receivable	Total
Balance on January 1	\$ 3,507	\$ 29,138	\$ 32,645
Expected credit loss	(1,122)	(527)	(1,649)
Exchange rate impact	(6)	(180)	(186)
Balance on March 31	<u>\$ 2,379</u>	<u>\$ 28,431</u>	<u>\$ 30,810</u>

(3) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

March 31, 2022	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short term borrowings	\$ 1,103,761	\$ -	\$ -	\$ -
Notes payable	1,448	-	-	-
Accounts payable	1,101,390	-	-	-
Other payables	757,571	-	-	-
Lease liability	20,194	7,672	25,621	20,833
Bonds payable	1,950	1,950	5,850	4,603,900
Long-term borrowings (including current portion)	24,920	5,284	561	-
Guarantee deposits received	457	-	-	-
December 31, 2021	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short term borrowings	\$ 1,660,455	\$ -	\$ -	\$ -
Notes payable	3,287	-	-	-
Accounts payable	1,030,237	-	-	-
Other payables	579,731	-	-	-
Lease liability	19,582	3,029	8,064	5,849
Bonds payable	1,950	1,950	5,850	3,003,900
Long-term borrowings (including current portion)	35,527	138,992	482,176	-
Guarantee deposits received	457	-	-	-
March 31, 2021	Less than 1 year	Between 1 to 2 year(s)	Between 2 to 5 years	More than 5 years
Non-derivative financial liabilities				
Short term borrowings	\$ 2,076,959	\$ -	\$ -	\$ -
Notes payable	40,000	-	-	-
Accounts payable	1,147	-	-	-
Other payables	708,835	-	-	-
Lease liability	533,396	-	-	-
Bonds payable	27,191	19,344	23,754	28,897
Long-term borrowings (including current portion)	305,145	1,779,765	582,867	-
Guarantee deposits received	564	-	-	-

- C. It is not expected that the time points of cash flows analyzed for the Group's non-derivative financial liabilities will occur significantly earlier, or the actual amount will be significantly different.

(3) Fair value information

1. The various levels of evaluation techniques used to measure the fair value of financial and non-financial instruments have been defined as follows:

Level I: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level II: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level III: Unobservable inputs for the asset or liability.

2. For financial instruments of the Group that are not measured by fair value (including cash and cash equivalents, financial assets at amortised cost-non-current, notes receivable, accounts receivable, other receivables, other financial assets (Including current and non-current) Guarantee deposits paid, Corporate bonds payable, long-term notes and accounts receivable, Other non-current financial assets, short-term borrowings, short-term notes payable, notes and accounts payable, other payables, Bonds payable, long-term borrowings (including the part due within one year or one business cycle) and guarantee deposits received, the book value is a reasonable approximation of the fair value.
3. Financial and non-financial instruments measured at fair value are classified based on the nature, characteristics and risks of the assets and liabilities and the level of fair value. The relevant information is as follows:

<u>March 31, 2022</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 47,629	\$ -	\$ -	\$ 47,629
Beneficiary certificates	8,311	-	-	8,311
	<u>55,940</u>	<u>-</u>	<u>-</u>	<u>55,940</u>
through other comprehensive income				
Equity securities	626,589	-	-	626,589
	<u>\$ 682,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 682,529</u>

<u>December 31, 2021</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 41,325	\$ -	\$ -	\$ 41,325
Beneficiary certificates	10,179	-	-	10,179
	<u>51,504</u>	<u>-</u>	<u>-</u>	<u>51,504</u>
Financial assets at fair value through other comprehensive income				
Equity securities	628,845	-	-	628,845
	<u>\$ 680,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,349</u>
 <u>March 31, 2020</u>	 <u>Level I</u>	 <u>Level II</u>	 <u>Level III</u>	 <u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 94,385	\$ -	\$ -	\$ 94,385
Beneficiary certificates	11,945	-	-	11,945
	<u>106,330</u>	<u>-</u>	<u>-</u>	<u>106,330</u>
Financial assets at fair value through other comprehensive income				
Equity securities	678,882	-	-	678,882
	<u>\$ 785,212</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 785,212</u>

4. The methods and assumptions the Group used to measure fair value are as follows:

- (1) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

- (2) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
5. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

6. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
7. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

(4) Others

The Group is a multinational corporation. The preventive measures taken by each country due to the impact of COVID-19 pandemic in 2020 resulted in a deferral of orders from customers. Accordingly, the Group's operating revenue decreased by 13.70% year over year in 2020. However, there has been a gradual increase in customer orders since the third quarter of 2020, the Group assesses that the pandemic has no material impact to the Group.

XIII. Supplementary Disclosures

(according to the regulations, only the information of January to March of 2022 is disclosed)

(1) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: Please refer to table 1.
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
4. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
5. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
8. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
9. Trading in derivative instruments undertaken during the reporting periods: None.
10. Significant inter-company transactions during the reporting periods: Please refer to the attached Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

1. Basic information: Please refer to table 7.
2. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Purchases and sales between the Company and investees in Mainland China are eliminated when preparing consolidated financial statements. Information on significant transactions, such as purchases and sales, receivables and payables, provision of endorsements and

guarantees and financing, between the Company and investees in Mainland China is provided in Note 13(1)A, B and J.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

XIV. Segment Information

(1) General information

1. Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The Group's reportable segments are as follows:
 - (1) Screw segment: Primarily engaging in the manufacture, process and trade of screws and nuts, etc.
 - (2) Machinery segment: Primarily engaging in the manufacture, assemble and trade of machine tools and chemical machinery, etc.
 - (3) Investment segment: Primarily engaging in the general investment
2. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.
3. The Group's chief operating decision-maker assesses the performance based on the segment's net operating profit. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4 in the consolidated financial statements.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	January to March of 2022			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 2,946,322	\$ 263,006	\$ -	\$ 3,209,328
Inter-segment revenue	(147,720)	(5,939)	-	(153,659)
Revenue from external customers, net	2,798,602	257,067	-	3,055,669
Segment income before tax	301,328	19,239	6,670	327,237
Segment assets	11,509,832	1,791,464	159,718	13,461,014
Segment liabilities	7,630,081	979,625	2,227	8,611,933

	January to March of 2021			
	Screw segment	Machinery segment	Investment segment	Total
Segment revenue	\$ 2,238,294	\$ 261,311	\$ -	\$ 2,499,605
Inter-segment revenue	(176,390)	(6,294)	-	(182,684)
Revenue from external customers, net	2,061,904	255,017	-	2,316,921
Segment income before tax	286,236	7,043	(28,930)	264,349
Segment assets	9,046,390	1,943,311	143,290	11,132,991
Segment liabilities	5,878,835	1,081,300	63,723	7,023,858

(3) Reconciliation for segment profit or loss, assets and liabilities

1. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss before tax to the income/(loss) before tax is provided as follows:

	January to March of 2022	January to March of 2021
Reportable operating segments income before tax	\$ 327,237	\$ 264,349
Elimination of inter-segment income (loss)	(94,607)	(73,158)
Profit before income tax	<u>\$ 232,630</u>	<u>\$ 191,191</u>

2. The amounts provided to the chief operating decision maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

Chun Yu Works & Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
Three Months ended March 31, 2022

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Company name	Party being endorsed/guaranteed		Maximum outstanding endorsement/ guarantee amount as of March 31, 2022	Outstanding endorsement/ guarantee amount at March 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
			Relationship with the endorser/ guarantor (Note 1)	Limit on endorsements/ guarantees provided for a single party										
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	2	\$ 2,470,415	\$ 200,375	\$ 200,375	\$ -	\$ -	4.87%	\$ 3,293,887	Y	N	N	(Note 2)
0	Chun Yu Works & Co., Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	2	2,470,415	1,001,875	1,001,875	504,258	-	24.33%	3,293,887	Y	N	Y	(Note 2)
0	Chun Yu Works & Co., Ltd.	Shanghai Uchee Hardware Products Ltd.	2	2,470,415	45,084	45,084	-	-	1.09%	3,293,887	Y	N	Y	(Note 2)

(Note 1) The numbers filled in for the relationship with the Company are as follows:

1. Having business relationship.
2. The Company direct and indirect owns over 50% ownership of the investee company.

(Note 2) The total amount of transactions of endorsement equals to 80% of the Company's net worth, the limit of endorsement for any single entity is 60% of the Company's net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 3) The total amount of transactions of endorsement equals to 50% of its net worth for Chun Zu Machinery Industry Co., Ltd.,

the limit of endorsement for any single entity is 40% of its net worth, and all of the related transactions are to be submitted to the stockholders' meeting for reference.

(Note 4) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD:NTD 1:28.625, RMB:NTD 1:4.5084.

Chun Yu Works & Co., Ltd. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Three Months ended March 31, 2022

Table 2

Expressed in thousands of NTD

				As of December 31, 2021				
Securities held by	Marketable securities	Relationship with the securities issuer	General	Number of shares	Book value	Ownership (%)	Fair value	Footnote
			ledger account	(In thousands of				
			(Note 1)	shares or units)				
Chun Yu Works & Co., Ltd.	Stocks - Gloria Material Technology Corporation	Other related party	1	1,876	\$ 47,462	0.41	\$ 47,462	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	11,678	196,190	2.21	196,190	-
	Stocks - China Ecotek Corporation	—	2	4,333	186,547	3.50	186,547	-
	Stocks - King Kong Iron Works, Ltd.	—	2	304	772	0.55	772	-
	Beneficiary certificates - Yuanta Taiwan High-yield Leading Company Fund	—	1	500	5,463	-	5,463	-
Chun Bang Precision Co., Ltd.	Beneficiary certificates - PGIM USD High Yield Bond Fund-USD	—	1	300	2,848	-	2,848	-
	Stocks - The First Insurance Co., Ltd.	—	1	10	167	-	167	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,440	108,192	1.22	108,192	-
Chun Yu Investment Corp.	Stocks - Chun Yu Works & Co., Ltd.	The Company	1	22,314	676,128	7.75	676,128	(Note 2) (Note 3)
	Stocks - Taiwan Styrene Monomer Corporation	—	2	6,529	109,688	1.24	109,688	-
Chun Yu Bio-tech Corp.	Stocks - Chun Zu Machinery Industry Co., Ltd.	Subsidiary	2	9	197	0.01	197	-
	Stocks - Taiwan Styrene Monomer Corporation	—	2	1,500	25,200	0.28	25,200	-

(Note 1) The code number explanation is as follows:

1. Financial assets at fair value through profit or loss - current.

2. Financial assets at fair value through other comprehensive profit or loss- non-current.

(Note 2) The Company's stocks held by Chun Yu Investment Corporation, shown as 'Financial assets at fair value through profit or loss - Current', were measured at fair value. The fair value changes were recognised in profit or loss for the current year.

(Note 3) The cost of \$267,195 was recognised by the Company under 'Treasury shares'.

Table 3

Expressed in thousands of NTD

<u>Chun Yu Works & Co., Ltd. and subsidiaries</u> <u>Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more</u> <u>Three Months ended March 31, 2022</u>											
Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Chun Yu Works & Co., Ltd.	Ofco Industrial Corporation	Other related party	(Sales)	(\$ 165,100)	(10%)	1 month	-	3 ~ 5 months	\$ 90,748	7%	-

(Note 1) The credit terms to third parties are 1 ~ 3 months after the sale.

Chun Yu Works & Co., Ltd. and subsidiaries
Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital
Three Months ended March 31, 2022

Table 4

Expressed in thousands of NTD

			Receivables from related party		Overdue receivables				
Company Name	Name of the counterparty	Relationship	General ledger account	Amount	Turnover rate	Action taken			
						Amount	for overdue accounts	Subsequent collections	Allowance for doubtful accounts
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Subsidiary	Other receivables	\$ 121,939	-	\$ -	-	\$ -	\$ -
Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	Subsidiary	Other receivables	135,488	-	-	-	-	-

(Note 1) Foreign currencies are translated into New Taiwan dollars. Exchange rate of foreign currencies indicated as of report date were as follow: USD:NTD 1:28.625, RMB:NTD 1:4.5084.

Chun Yu Works & Co., Ltd. and subsidiaries
Significant inter-company transactions during the reporting period
Three Months ended March 31, 2022

Table 5

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction				Percentage of consolidated total operating revenue or total assets (Note 4)
				General ledger account	Amount	Transaction terms		
0	Chun Yu Works & Co., Ltd.	Chun Yu Works (USA) Inc.	1	Sales	\$ 37,050	4 months		1%
		Chun Yu Works (USA) Inc.	1	Accounts receivable	42,683	-		-
		Chun Yu Works (USA) Inc.	1	Provision of endorsements and guarantees	200,375	-		1%
		Chun Yu (Dongguan) Metal Products Co., Ltd.	1	Provision of endorsements and guarantees	1,001,875	-		7%
		Shanghai Uchee Hardware Products Ltd.	1	Provision of endorsements and guarantees	45,084	-		-
		Chun Zu Machinery Industry Co., Ltd.	1	Other receivables	31,704	Same as general trading conditions		-
		Chun Yu Bio-tech Corp.	1	Other receivables	10,494	Same as general trading conditions		-
1	Chun Bang Precision Co., Ltd.	Chun Yu Works & Co., Ltd.	2	Sales	16,392	-		1%
		Chun Yu Works & Co., Ltd.	2	Accounts receivable	12,558	-		-
2	Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	2	Other receivables	121,939	-		1%
3	Shanghai Chun Zu Machinery Industry Ltd.	Chun Zu Machinery Industry Co., Ltd.	3	Sales	23,500	3 months		1%
		Chun Zu Machinery Industry Co., Ltd.		Accounts receivable	19,509	-		-
4	Chun Yu (Dongguan) Metal Products Co., Ltd.	Scholar Holdings Ltd.	3	Other receivables	21,685	-		-
		Shanghai Uchee Hardware Products Ltd.	3	Sales	64,099	5 months		2%
		Shanghai Uchee Hardware Products Ltd.	3	Other receivables	36,005	-		-
5	Chun Yu Investment Corp.	Chun Yu Works & Co., Ltd.	2	Other receivables(dividend)	22,314	-		-
6	Shanghai Uchee Hardware Products Ltd.	Chun Yu (Dongguan) Metal Products Co., Ltd.	3	Sales	51,861	3 months		2%
7	Lion City Management Ltd.	Shanghai Chun Zu Machinery Industry Ltd.	3	Other receivables	135,488	-		1%
8	SUNNY CITY INTERNATIONAL LIMITED.	Shanghai Uchee Hardware Products Ltd.	3	Other receivables	30,247	-		-

(Note 1) Transactions among the company and subsidiaries with amount over NT\$10 million and one side of them are disclosed.

(Note 2) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number". The number means:

1. Number 0 presents the Company.
2. The consolidated subsidiaries are in order from number 1.

(Note 3) The relationships among the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

(Note 4) The percentage of transaction amount over consolidated total revenues or total assets is as follows: Assets and liabilities are calculated using the ending balance over the consolidated total assets at period end; Sales is calculated using the amount of the period over the consolidated total revenue of the period.

(Note 5) For the amounts denominated in foreign currencies, the balances of notes/accounts receivable (payable) are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 28.625; RMB 1 : NTD 4.5084) prevailing at the financial reporting date, and the transactions amounts are translated into New Taiwan dollars at the average exchange rate from January to March 2022 (USD 1 : NTD 27.9940; RMB 1 : NTD 4.4091).

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investees
Three Months ended March 31, 2022

Table 6

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	recognised by the Company	
				March 31, 2022	December 31, 2021				year ended March 31, 2022	for the year ended March 31, 2022	
Chun Yu Works & Co., Ltd.	Chun Bang Precision Co., Ltd.	Taiwan	Manufacture and trade of moulds	\$ 125,344	\$ 125,344	15,000,000	100.00	\$ 198,160	\$ 1,367	\$ 4,760	A subsidiary (Note 1)
	Chun Yu Works (U.S.A.) Inc.	U.S.A.	Import and export of hardware products	114,728	114,728	3,800,000	100.00	308,593	14,291	14,840	A subsidiary
	Chun Yu Investment Corporation	Taiwan	Professional investment	267,652	267,652	56,306,791	100.00	157,491 (	24) (	24)	A subsidiary
	Chun Yu Bio-tech Corporation	Taiwan	Powder metallurgy	90,260	90,260	10,000,000	100.00	124,474	4,197	4,188	A subsidiary
	Scholar Holdings Ltd.	Virgin Islands	Reinvestment and import and export trade	2,581,891	2,581,891	33,183,211	100.00	1,036,927 (	5,352) (	828)	A subsidiary
	Sunny City International Ltd	Samoa	Reinvestment and import and export trade	84,824	84,824	1,000,000	100.00	271,471	5,112	5,112	A subsidiary
	Pt Moon Lion Industries Indonesia	Indonesia	Manufacture and trade of screws and nuts	154,760	154,760	14,370,000	71.85	639,936	86,304	62,009	A subsidiary
	Chun Zu Machinery Industry Co., Ltd.	Taiwan	Manufacture and trade of machinery	52,598	52,597	28,821,939	47.81	439,622	13,616	6,693	A subsidiary
Chun Zu Machinery Industry Co., Ltd.	Lion City Management Ltd.	Virgin Islands	Professional investment	57,250	57,250	-	100.00	527,618	11,253	-	A subsidiary (Note 2)

(Note 1) It changed its name from Hi-Ace Tranding Co., Ltd. to Chun Bang Precision Co., Ltd. on May 20, 2020.

(Note 2) According to the related regulations, it is not required to disclose income (loss) recognized by the Company.

(Note 3) Foreign currencies are translated into New Taiwan Dollars using the following exchanges: Ending balance of receivable and payable are translated using the exchange rates as of report date (USD:NTD 1:28.625, RMB:NTD 1:4.5084), and the transactions amounts are translated into New Taiwan dollars at the average exchange rate from January to March 2022 (USD 1 : NTD 27.9940; RMB 1 : NTD 4.4091).

Table 7

Chun Yu Works & Co., Ltd. and subsidiaries
Information on investments in Mainland China
Three Months ended March 31, 2022

Table 7															Expressed in thousands of NTD	
Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan					Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote			
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the year ended March 31, 2022								
					Remitted to Mainland China	Remitted back to Taiwan										
Chun Yu (Dongguan) Metal Products Co., Ltd.	Manufacture and trade of screws and nuts	\$ 1,845,769 (Note 1)	(Note 3)	\$ 1,379,525	\$ -	\$ -	\$ 1,379,525	(\$ 5,352)	100%	(\$ 5,352)	\$ 1,061,976	\$ -	(Note 9)			
Shanghai Uchee Hardware Products Ltd.	Trade of screws and nuts	28,625	(Note 4)	28,625	-	-	28,625	5,112	100%	5,112	239,518	50,122 (Note 7)	(Note 9)			
Chunyu Group Shanghai Tongsheng Trade Co., Ltd.	Trade of screws and nuts	7,614	(Note 5)	-	-	-	-	(26)	100%	(26)	(4,195)	-	(Note 9)			
Shanghai Chun Zu Machinery Industry Ltd.	Manufacture and trade of machinery	243,313 (Note 2)	(Note 6)	57,250	-	-	57,250	17,371	47.82%	8,307	250,241	352,478 (Note 8)	(Note 9)			

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
Chun Yu Works & Co., Ltd.	\$ 1,617,685	\$ 1,617,685	\$ 2,909,448
Chun Zu Machinery Industry Co., Ltd.	57,250	186,063	595,551

(Note 1) The investment in Chun Yu (Dongguan) Metal Products Co., Ltd. amounted to US\$64,482 thousand, consisting of US\$48,193 thousand that has been reported to the Investment Commission and US\$16,289 thousand from an investment loan from Scholar Holdings Ltd.

(Note 2) The paid-in capital of Shanghai Chun Zu Machinery Industry Ltd. amounted to UD\$8,500 thousand, consisting of UD\$4,000 thousand from remittance from Chun Zu Machinery Industry Co., Ltd. through its subsidiary, Lion City Management Ltd. and US\$4,500 thousand from capitalisation of retained earnings of Shanghai Chun Zu Machinery Industry Ltd., which were reported to the Investment Commission. In addition, proceeds from capital reduction of Lion City Management Ltd. in 2008 amounting to US\$2,000 thousand were reported to the Investment Commission.

(Note 3) Indirect investment in PRC through the existing company (Scholar Holdings Ltd.) located in the third area.

(Note 4) Indirect investment in PRC through the existing company (Sunny City International Ltd.) located in the third area.

(Note 5) Indirect investment in PRC through the existing company (Shanghai Uchee Hardware Products Ltd.) located in PRC.

(Note 6) Indirect investment in PRC through the existing company (Lion City Management Ltd.) located in the third area.

(Note 7) It is the cash dividends totaling US\$1,751 thousand distributed by Shanghai Uchee Hardware Products Ltd. to Sunny City International Ltd., which then remitted to the Company and Chun Bang Precision Co., Ltd.

(Note 8) It is the cash dividends amounting to US\$25,750 thousand distributed by Shanghai Chun Zu Machinery Industry Ltd. to Lion City Management Ltd., which then remitted to Chun Zu Machinery Industry Co., Ltd.

(Note 9) Investment gains or losses were recognised based on audited financial statements.

(Note 10) The ceiling is calculated based on the 60% of the investor's net assets or consolidated net assets (whichever is higher).

(Note 11) For the amounts denominated in foreign currencies, the paid-in capital, amount of remittance from Taiwan and book value as of March 31, 2022 are translated into New Taiwan dollars at the exchange rate (USD 1 : NTD 28.625; RMB 1 : NTD 4.5084) prevailing at the financial reporting date, and the net profit (loss) of the investee and investment income (loss) recognised by the Group for the year ended March 31, 2022 are translated into New Taiwan dollars at the average exchange rate from January to March 2022 (USD 1 : NTD 27.9940; RMB 1 : NTD 4.4091).

Chun Yu Works & Co., Ltd. and subsidiaries
Major shareholders information
March 31, 2022

Table 8 Unit: shares

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Bai Jia Yuan Investment Co., Ltd.	80,209,000	27.87%
Jin Jhih Fu Assets Management Co., Ltd.	26,717,000	9.28%
Chun Yu Investment Co., Ltd.	22,314,450	7.75%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.