

**CHENBRO MICOM CO., LTD. AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2022 AND 2021**

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For the convenience of readers and for information purpose only, the auditors' 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' report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

(22) PWCR 22000466

To the Board of Directors and Stockholders of Chenbro Micom Co., Ltd.

### ***Introduction***

We have reviewed the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd. and subsidiaries (the "Group") as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review 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 an audit. Accordingly, we do not express an audit opinion.

### ***Basis for qualified conclusion***

As explained in Note 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$385,339 thousand and NT\$372,415 thousand, constituting 3% and 4% of the consolidated total assets as at March 31, 2022 and 2021, respectively, total liabilities amounted to NT\$198,465 thousand and NT\$197,697 thousand, constituting 3% and 5% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively, and the total comprehensive income (loss) amounted to NT\$15,344 thousand and NT(\$4,833) thousand, constituting 12% and (4%) of the consolidated total comprehensive income for the three months then

ended, respectively.

### ***Qualified conclusion***

Except for the adjustments and the disclosures to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Penny Pan

For and on behalf of PricewaterhouseCoopers, Taiwan

May 12, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 815,556	7	\$ 1,437,185	13	\$ 1,142,512	13
1136	Current financial assets at amortised cost, net	6(3) and 8	10,000	-	10,000	-	3,000	-
1150	Notes receivable, net	6(4) and 7	10,755	-	25,808	-	1,316	-
1170	Accounts receivable, net	6(4) and 7	2,287,857	20	2,346,573	21	1,783,263	21
1200	Other receivables	6(5)(26) and 7	46,856	-	95,129	1	52,656	1
1220	Current income tax assets	6(26)	6,668	-	25,011	-	21,262	-
130X	Inventories	6(6)	2,916,517	25	2,398,731	21	1,568,309	19
1410	Prepayments		182,937	2	152,349	2	68,747	1
1470	Other current assets		7,819	-	4,123	-	2,964	-
11XX	<b>Total current assets</b>		<u>6,284,965</u>	<u>54</u>	<u>6,494,909</u>	<u>58</u>	<u>4,644,029</u>	<u>55</u>
<b>Non-current assets</b>								
1517	Non-current financial assets at fair value through other comprehensive income	6(2)	42,831	-	47,803	-	26,685	-
1535	Non-current financial assets at amortised cost	6(3) and 8	244,053	2	3,951	-	219,953	3
1600	Property, plant and equipment	6(7) and 8	4,931,254	42	4,450,022	40	3,299,270	39
1755	Right-of-use assets	6(8)	77,586	1	80,992	1	85,904	1
1780	Intangible assets	6(9)	18,291	-	19,145	-	24,928	-
1840	Deferred income tax assets	6(26)	49,186	1	52,409	-	49,414	1
1900	Other non-current assets	6(7)(10)	38,494	-	103,764	1	50,434	1
15XX	<b>Total non-current assets</b>		<u>5,401,695</u>	<u>46</u>	<u>4,758,086</u>	<u>42</u>	<u>3,756,588</u>	<u>45</u>
1XXX	<b>Total assets</b>		<u>\$ 11,686,660</u>	<u>100</u>	<u>\$ 11,252,995</u>	<u>100</u>	<u>\$ 8,400,617</u>	<u>100</u>

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**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 1,235,967	11	\$ 1,076,474	9	\$ 937,951	11
2130	Current contract liabilities	6(20)	7,498	-	13,001	-	8,620	-
2150	Notes payable		30,279	-	80,526	1	-	-
2170	Accounts payable	7	2,741,023	23	2,994,287	27	1,874,415	23
2200	Other payables	6(12) and 7	775,105	7	761,033	7	620,322	8
2230	Current income tax liabilities		113,461	1	95,620	1	96,456	1
2280	Current lease liabilities		10,082	-	10,370	-	9,732	-
2320	Long-term liabilities, current portion	6(13)	7,431	-	7,117	-	7,137	-
2399	Other current liabilities, others		5,651	-	5,074	-	4,198	-
21XX	Total current liabilities		4,926,497	42	5,043,502	45	3,558,831	43
Non-current liabilities								
2540	Long-term borrowings	6(13)	2,273,018	20	1,962,658	18	704,739	9
2570	Deferred income tax liabilities	6(26)	32,977	-	21,552	-	12,437	-
2580	Non-current lease liabilities		17,004	-	20,024	-	24,792	-
2600	Other non-current liabilities	6(14)	28,316	-	28,622	-	31,365	-
25XX	Total non-current liabilities		2,351,315	20	2,032,856	18	773,333	9
2XXX	Total liabilities		7,277,812	62	7,076,358	63	4,332,164	52
	Share capital	6(16)						
3110	Common stock		1,207,697	10	1,207,885	11	1,209,110	14
	Capital surplus	6(17)						
3200	Capital surplus		147,332	2	147,144	2	145,919	1
	Retained earnings	6(18)						
3310	Legal reserve		817,355	7	817,355	7	719,881	9
3320	Special reserve		260,504	2	260,504	2	224,552	3
3350	Unappropriated retained earnings		2,165,012	19	2,039,001	18	2,104,433	25
	Other equity interest	6(19)						
3400	Other equity interest		( 208,784 )	( 2 )	( 315,067 )	( 3 )	( 355,947 )	( 4 )
31XX	Equity attributable to owners of the parent		4,389,116	38	4,156,822	37	4,047,948	48
36XX	Non-controlling interests		19,732	-	19,815	-	20,505	-
3XXX	Total equity		4,408,848	38	4,176,637	37	4,068,453	48
	Significant contingent liabilities and unrecorded contract commitments	9						
3X2X	Total liabilities and equity		\$ 11,686,660	100	\$ 11,252,995	100	\$ 8,400,617	100

The accompanying notes are an integral part of these consolidated financial statements.

**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

		Three months ended March 31			
		2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(20) and 7	\$ 2,088,705	100	\$ 1,818,927	100
5000 Operating costs	6(6)(25) and 7	( 1,708,508)	( 82)	( 1,425,574)	( 78)
5950 Net operating margin		380,197	18	393,353	22
Operating expenses	6(25) and 7				
6100 Selling expenses		( 71,884)	( 4)	( 75,040)	( 4)
6200 General and administrative expenses		( 110,625)	( 5)	( 100,120)	( 6)
6300 Research and development expenses		( 43,291)	( 2)	( 53,042)	( 3)
6450 Expected credit impairment loss	12(2)	( 1,783)	-	( 579)	-
6000 Total operating expenses		( 227,583)	( 11)	( 228,781)	( 13)
6900 Operating profit		152,614	7	164,572	9
Non-operating income and expenses					
7100 Interest income	6(3)(21)	4,566	-	5,353	-
7010 Other income	6(22)	5,316	-	3,451	-
7020 Other gains and losses	6(23)	14,943	1	( 5,666)	-
7050 Finance costs	6(24)	( 7,069)	-	( 4,561)	-
7000 Total non-operating income and expenses		17,756	1	( 1,423)	-
7900 Profit before income tax		170,370	8	163,149	9
7950 Income tax expense	6(26)	( 44,442)	( 2)	( 37,554)	( 2)
8200 Profit for the year		\$ 125,928	6	\$ 125,595	7

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**CHENBRO MICOM CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)  
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(2)(19)	(\$ 4,972)	-	(\$ 1,511)	-
8310 Other comprehensive loss that will not be reclassified to profit or loss		( 4,972)	-	( 1,511)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Financial statements translation differences of foreign operations	6(19)	112,553	5	( 20,068)	( 1)
8399 Income tax relating to the components of other comprehensive income	6(19)(26)	( 6,939)	-	3,418	-
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		105,614	5	( 16,650)	( 1)
8300 <b>Other comprehensive income (loss) for the year</b>		<u>\$ 100,642</u>	<u>5</u>	<u>(\$ 18,161)</u>	<u>( 1)</u>
8500 <b>Total comprehensive income for the period</b>		<u>\$ 226,570</u>	<u>11</u>	<u>\$ 107,434</u>	<u>6</u>
Profit, attributable to:					
8610 Owners of the parent		\$ 126,011	6	\$ 125,780	7
8620 Non-controlling interest		( 83)	-	( 185)	-
		<u>\$ 125,928</u>	<u>6</u>	<u>\$ 125,595</u>	<u>7</u>
Comprehensive income attributable to:					
8710 Owners of the parent		\$ 226,653	11	\$ 107,619	6
8720 Non-controlling interest		( 83)	-	( 185)	-
		<u>\$ 226,570</u>	<u>11</u>	<u>\$ 107,434</u>	<u>6</u>
Earnings per share (in dollars)	6(27)				
9750 Basic earnings per share		<u>\$ 1.05</u>		<u>\$ 1.05</u>	
9850 Diluted earnings per share		<u>\$ 1.04</u>		<u>\$ 1.04</u>	

The accompanying notes are an integral part of these consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

		Equity attributable to owners of the parent											
		Capital Reserves			Retained Earnings			Other equity interest					

The accompanying notes are an integral part of these consolidated financial statements.



CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three months ended March 31	
		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 170,370	\$ 163,149
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	12(2)	1,783	579
Depreciation	6(7)(8)(25)	133,764	90,861
Amortization	6(9)(25)	3,376	2,776
Interest expense	6(24)	7,069	4,561
Interest income	6(21)	( 4,566 )	( 5,353 )
Loss on disposal of property, plant and equipment	6(23)	507	58
Gain arising from lease modifications	6(8)(23)	( 11 )	-
Share-based payments	6(15)	5,641	10,977
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		15,053	( 395 )
Accounts receivable		56,844	( 32,238 )
Other receivables		48,886	11,247
Inventories		( 506,895 )	( 142,067 )
Prepayments		( 30,588 )	( 42,241 )
Other current assets		( 3,696 )	2,231
Changes in operating liabilities			
Current contract liabilities		( 5,503 )	1,507
Notes payable		( 50,247 )	-
Accounts payable		( 253,264 )	( 95,643 )
Other payables		( 59,914 )	( 41,438 )
Other current liabilities		577	( 183 )
Other non-current liabilities		( 327 )	( 70 )
Cash outflow generated from operations		( 471,141 )	( 71,682 )
Interest received		3,953	2,948
Interest paid		( 7,958 )	( 4,827 )
Income tax received (paid)		5,363	( 9,603 )
Net cash flows used in operating activities		( 469,783 )	( 83,164 )

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CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(UNAUDITED)

	Notes	Three months ended March 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		( \$ 240,102 )	\$ -
Acquisition of property, plant and equipment	6(28)	( 437,546 )	( 657,262 )
Proceeds from disposal of property, plant and equipment		23	6
Acquisition of intangible assets	6(9)(28)	( 2,296 )	( 5,547 )
Increase in other non-current assets		( 13 )	( 4,564 )
Net cash flows used in investing activities		( 679,934 )	( 667,367 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings		1,017,951	2,700,254
Repayment of short-term borrowings		( 869,297 )	( 2,611,372 )
Proceeds from long-term borrowings (including current portion)		308,940	600,020
Repayment of long-term borrowings (including current portion)		( 1,440 )	( 1,458 )
Payment of the principal of lease liabilities	6(8)	( 4,431 )	( 2,584 )
Increase (decrease) in guarantee deposits received		21	( 4 )
Net cash flows from financing activities		451,744	684,856
Effect on foreign exchange difference		76,344	( 7,987 )
Net decrease in cash and cash equivalents		( 621,629 )	( 73,662 )
Cash and cash equivalents at beginning of period	6(1)	1,437,185	1,216,174
Cash and cash equivalents at end of period	6(1)	<u>\$ 815,556</u>	<u>\$ 1,142,512</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANISATION

Chenbro Micom Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 1983. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in computer software design, export and import of computer products and peripherals, and design, manufacturing, processing and trading of computer peripherals and system of expendables.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on May 12, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 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
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 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 above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group 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.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets at fair value through other comprehensive income.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation for the current period financial statements and the 2021 consolidated financial statement is the same.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Chenbro Micom Co., Ltd.	Micom Source Holding Company	Holding company	100	100	100	
Chenbro Micom Co., Ltd.	Chenbro Micom (USA) Incorporation	General trading company	100	100	100	
Chenbro Micom Co., Ltd.	CLOUDWELL HOLDINGS, LLC.	Real estate leasing company	100	100	100	Note 1
Chenbro Micom Co., Ltd.	Chenbro GmbH	General trading company	100	100	100	Note 1
Chenbro Micom Co., Ltd.	Chen-Feng Precision Co., Ltd.	Manufacturing of NCT	70	70	70	Note 1
Micom Source Holding Company	AMAC International Company	Holding company	100	100	100	Note 1
Micom Source Holding Company	AMBER International Company	Holding company	100	100	100	
Micom Source Holding Company	ADEPT International Company	Holding company	100	100	100	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
AMBER International Company	Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing of computer cases	100	100	100	
AMBER International Company	ChenPower Information Technology (Shanghai) Co., Ltd.	General trading company	100	100	100	
ADEPT International Company	PROCASE & MOREX Corporation	Holding company	100	100	100	Note 2
PROCASE & MOREX Corporation	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	88	88	88	
AMAC International Company	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	12	12	12	

Note 1: The financial statements of the entity as of and for the three months ended March 31, 2022 and 2021 were not reviewed by independent accountants as the entity did not meet the definition of a significant subsidiary.

Note 2: On May 12, 2020, the Board of Directors of ADEPT International Company approved to dissolve, the liquidation was in process.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

#### (4) Employee benefits

Under the defined benefit plans, pension cost 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.

#### (5) Income tax

The tax expense for the period comprises current and deferred tax. The interim period income tax

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

## 5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements does not require management to make critical judgements in applying the Group's accounting policies. The management makes critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

The Group's inventories are stated at the lower of cost and net realisable value. There might be material changes to the evaluation of inventory value as the technology changes rapidly, the items of the inventory in the balance sheet date are numerous, and the identification of obsolete inventory and determination of net realisable value are subject to management's judgement.

As of March 31, 2022, the carrying amount of inventories was \$2,916,517.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Petty cash and cash on hand	\$ 238	\$ 248	\$ 331
Demand deposits	97,115	225,588	79,230
Checking account deposits	110,627	140,027	107,385
Time deposits (including foreign currencies)	54,120	112,755	113,840
Foreign currency deposits	553,456	958,567	841,726
	<u>\$ 815,556</u>	<u>\$ 1,437,185</u>	<u>\$ 1,142,512</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has reclassified restricted cash and cash equivalents to 'current financial assets at amortised cost' and 'non-current financial assets at amortised cost'. Details are provided in Note 8.

(2) Financial assets at fair value through other comprehensive income

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Equity instruments			
Unlisted stocks	\$ 42,831	\$ 47,803	\$ 26,685

- A. The Group has elected to classify stock investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$42,831, \$47,803 and \$26,685 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- B. For the three months ended March 31, 2022 and 2021, the amount recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive loss was (\$4,972) and (\$1,511), respectively.
- C. As at March 31, 2022, December 31, 2021 and March 31, 2021, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was \$42,831, \$47,803 and \$26,685, respectively.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Pledged bank deposits (including time deposits)	\$ 10,000	\$ 10,000	\$ 3,000
Non-current items:			
Time deposits	\$ 227,628	\$ -	\$ 217,000
Pledged bank deposits (including time deposits)	16,425	3,951	2,953
	\$ 244,053	\$ 3,951	\$ 219,953

- A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended March 31,	
	2022	2021
Interest income	\$ 1,826	\$ 2,334

- B. As at March 31, 2022, December 31, 2021 and March 31, 2021, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$244,053, \$3,951 and \$219,953, respectively.
- C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).



The Group invested time deposits with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

D. Information on financial assets at amortised cost pledged to others is provided in Note 8.

(4) Accounts and notes receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 10,755	\$ 25,808	\$ 1,316
Accounts receivable	\$ 2,292,536	\$ 2,349,380	\$ 1,786,135
Less: Allowance for uncollectible accounts	( 4,679)	( 2,807)	( 2,872)
	<u>\$ 2,287,857</u>	<u>\$ 2,346,573</u>	<u>\$ 1,783,263</u>

A. The ageing analysis of accounts and notes receivable is as follows:

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 1,983,208	\$ 10,755	\$ 2,059,116	\$ 25,808
Up to 30 days	139,581	-	214,584	-
31 to 90 days	153,731	-	68,692	-
91 to 180 days	14,495	-	6,932	-
Over 181 days	1,521	-	56	-
	<u>\$ 2,292,536</u>	<u>\$ 10,755</u>	<u>\$ 2,349,380</u>	<u>\$ 25,808</u>

  

	<u>March 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 1,547,931	\$ 1,316
Up to 30 days	171,819	-
31 to 90 days	51,838	-
91 to 180 days	7,764	-
Over 181 days	6,783	-
	<u>\$ 1,786,135</u>	<u>\$ 1,316</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021, March 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$2,303,291, \$2,375,188, \$1,787,451 and \$1,754,818, respectively.

C. The Group does not hold any collateral as security as at March 31, 2022, December 31, 2021 and March 31, 2021, and the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$10,755, \$25,808 and \$1,316 and accounts receivable was \$2,287,857, \$2,346,573 and \$1,783,263, respectively.

D. Information relating to credit risk is provided in Note 12(2).

(5) Transfer of financial assets

A. The Group entered into a factoring agreement with banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. The financial assets meet the condition of derecognition. The Group decreased the estimated amount of business dispute and derecognised the transferred accounts receivable. There were no outstanding accounts receivable factoring as of March 31, 2022, December 31, 2021. As of March 31, 2021, the related information is as follows:

March 31, 2021							
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 5,970	\$ 5,970	\$ 20,000	\$ -	\$ -	\$ -	-

Note: Shown as 'other receivables'.

B. The finance costs of the Group for the three months ended March 31, 2021 were \$9.

(6) Inventories

March 31, 2022			
	Cost	Allowance for valuation loss and obsolete and slow-moving inventories	Book value
Raw materials	\$ 560,870	(\$ 46,470)	\$ 514,400
Semi-finished goods	186,210	( 9,703)	176,507
Work in progress	108,710	( 1,115)	107,595
Finished goods	2,162,602	( 44,587)	2,118,015
	<u>\$ 3,018,392</u>	<u>(\$ 101,875)</u>	<u>\$ 2,916,517</u>

December 31, 2021			
	Cost	Allowance for valuation loss and obsolete and slow- moving inventories	Book value
Raw materials	\$ 508,796	(\$ 53,094)	\$ 455,702
Semi-finished goods	279,266	( 23,265)	256,001
Work in progress	243,212	( 899)	242,313
Finished goods	1,501,617	( 56,902)	1,444,715
	<u>\$ 2,532,891</u>	<u>(\$ 134,160)</u>	<u>\$ 2,398,731</u>
March 31, 2021			
	Cost	Allowance for valuation loss and obsolete and slow- moving inventories	Book value
Raw materials	\$ 379,000	(\$ 39,719)	\$ 339,281
Semi-finished goods	183,240	( 14,496)	168,744
Work in progress	199,092	( 2,505)	196,587
Finished goods	926,935	( 63,238)	863,697
	<u>\$ 1,688,267</u>	<u>(\$ 119,958)</u>	<u>\$ 1,568,309</u>

A. The cost of inventories recognised as expense for the period:

	Three months ended March 31,	
	2022	2021
Cost of goods sold	\$ 1,745,434	\$ 1,420,677
Sale of scraps	( 1,502)	( 7,291)
(Gain on reversal of) loss on decline in market value	( 35,405)	12,188
Gain on physical inventory	( 19)	-
	<u>\$ 1,708,508</u>	<u>\$ 1,425,574</u>

The Group reversed a previous inventory write-down because certain slow-moving inventories which were previously provided with allowance were subsequently sold.

B. The Group has no inventories pledged to others.

(7) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for facilities (Note)
<u>At January 1, 2022</u>												
Cost	\$ 1,333,544	\$ 1,820,724	\$ 634,518	\$ 718,433	\$ 40,548	\$ 36,460	\$ 24,914	\$ 107,031	\$ 60,500	\$ 1,469,693	\$ 6,246,365	\$ 75,882
Accumulated depreciation and impairment	-	( 709,990)	( 392,003)	( 542,624)	( 27,818)	( 24,235)	( 20,494)	( 46,019)	( 33,160)	-	( 1,796,343)	-
	<u>\$ 1,333,544</u>	<u>\$ 1,110,734</u>	<u>\$ 242,515</u>	<u>\$ 175,809</u>	<u>\$ 12,730</u>	<u>\$ 12,225</u>	<u>\$ 4,420</u>	<u>\$ 61,012</u>	<u>\$ 27,340</u>	<u>\$ 1,469,693</u>	<u>\$ 4,450,022</u>	<u>\$ 75,882</u>
<u>2022</u>												
Opening net book amount	\$ 1,333,544	\$ 1,110,734	\$ 242,515	\$ 175,809	\$ 12,730	\$ 12,225	\$ 4,420	\$ 61,012	\$ 27,340	\$ 1,469,693	\$ 4,450,022	\$ 75,882
Additions	-	1,232	6,674	92,409	8,130	205	-	459	285	401,479	510,873	325
Disposals	-	( 93)	( 373)	-	-	( 3)	-	( 48)	( 13)	-	( 530)	-
Transfers (Note)	-	-	10,168	-	945	6,318	-	-	-	37,077	54,508	( 65,399)
Depreciation charges	-	( 20,608)	( 10,916)	( 90,718)	( 1,385)	( 1,247)	( 542)	( 3,316)	( 2,375)	-	( 131,107)	-
Effects of foreign exchange	2,216	28,751	7,856	7,480	56	171	64	487	375	32	47,488	1,223
Closing net book amount	<u>\$ 1,335,760</u>	<u>\$ 1,120,016</u>	<u>\$ 255,924</u>	<u>\$ 184,980</u>	<u>\$ 20,476</u>	<u>\$ 17,669</u>	<u>\$ 3,942</u>	<u>\$ 58,594</u>	<u>\$ 25,612</u>	<u>\$ 1,908,281</u>	<u>\$ 4,931,254</u>	<u>\$ 12,031</u>
<u>At March 31, 2022</u>												
Cost	\$ 1,335,760	\$ 1,874,811	\$ 669,152	\$ 833,300	\$ 50,078	\$ 43,372	\$ 25,727	\$ 108,686	\$ 61,996	\$ 1,908,281	\$ 6,911,163	\$ 12,031
Accumulated depreciation	-	( 754,795)	( 413,228)	( 648,320)	( 29,602)	( 25,703)	( 21,785)	( 50,092)	( 36,384)	-	( 1,979,909)	-
	<u>\$ 1,335,760</u>	<u>\$ 1,120,016</u>	<u>\$ 255,924</u>	<u>\$ 184,980</u>	<u>\$ 20,476</u>	<u>\$ 17,669</u>	<u>\$ 3,942</u>	<u>\$ 58,594</u>	<u>\$ 25,612</u>	<u>\$ 1,908,281</u>	<u>\$ 4,931,254</u>	<u>\$ 12,031</u>

Note: Prepayments for business facilities are shown as 'other non-current assets'. Details are provided in Note 6(10).

- The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- The net difference of the transfers for this period resulted from transferring mold equipment made for customers to inventories amounting to \$10,891.
- Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three months ended
	March 31, 2022
Amount capitalised	<u>\$ 263</u>
Range of the interest rates for capitalisation	0.4% ~ 1%

	Land	Buildings and structures	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for facilities (Note)
<u>At January 1, 2021</u>												
Cost	\$ 1,335,410	\$ 1,738,155	\$ 621,473	\$ 490,241	\$ 36,308	\$ 30,211	\$ 25,105	\$ 60,756	\$ 49,943	\$ 151,562	\$ 4,539,164	\$ 11,194
Accumulated depreciation and impairment	-	( 637,056)	( 362,849)	( 361,065)	( 25,146)	( 20,566)	( 18,405)	( 34,292)	( 23,569)	-	( 1,482,948)	-
	<u>\$ 1,335,410</u>	<u>\$ 1,101,099</u>	<u>\$ 258,624</u>	<u>\$ 129,176</u>	<u>\$ 11,162</u>	<u>\$ 9,645</u>	<u>\$ 6,700</u>	<u>\$ 26,464</u>	<u>\$ 26,374</u>	<u>\$ 151,562</u>	<u>\$ 3,056,216</u>	<u>\$ 11,194</u>
<u>2021</u>												
Opening net book amount	\$ 1,335,410	\$ 1,101,099	\$ 258,624	\$ 129,176	\$ 11,162	\$ 9,645	\$ 6,700	\$ 26,464	\$ 26,374	\$ 151,562	\$ 3,056,216	\$ 11,194
Additions	-	9,736	2,113	82,913	470	-	-	164	1,955	231,743	329,094	14,769
Disposals	-	( 40)	( 4)	-	-	-	-	( 17)	( 3)	-	( 64)	-
Transfers (Note)	-	94,286	3,533	3,504	-	-	-	40,888	5,559	( 136,164)	11,606	( 8,122)
Depreciation charges	-	( 24,833)	( 10,393)	( 45,079)	( 889)	( 1,024)	( 590)	( 3,063)	( 2,237)	-	( 88,108)	-
Effects of foreign exchange	140	( 5,811)	( 2,054)	( 1,412)	2	( 45)	( 40)	( 98)	( 129)	( 27)	( 9,474)	( 113)
Closing net book amount	<u>\$ 1,335,550</u>	<u>\$ 1,174,437</u>	<u>\$ 251,819</u>	<u>\$ 169,102</u>	<u>\$ 10,745</u>	<u>\$ 8,576</u>	<u>\$ 6,070</u>	<u>\$ 64,338</u>	<u>\$ 31,519</u>	<u>\$ 247,114</u>	<u>\$ 3,299,270</u>	<u>\$ 17,728</u>
<u>At March 31, 2021</u>												
Cost	\$ 1,335,550	\$ 1,830,930	\$ 621,760	\$ 604,336	\$ 36,805	\$ 30,117	\$ 24,914	\$ 101,297	\$ 57,106	\$ 247,114	\$ 4,889,929	\$ 17,728
Accumulated depreciation and impairment	-	( 656,493)	( 369,941)	( 435,234)	( 26,060)	( 21,541)	( 18,844)	( 36,959)	( 25,587)	-	( 1,590,659)	-
	<u>\$ 1,335,550</u>	<u>\$ 1,174,437</u>	<u>\$ 251,819</u>	<u>\$ 169,102</u>	<u>\$ 10,745</u>	<u>\$ 8,576</u>	<u>\$ 6,070</u>	<u>\$ 64,338</u>	<u>\$ 31,519</u>	<u>\$ 247,114</u>	<u>\$ 3,299,270</u>	<u>\$ 17,728</u>

Note: Prepayments for buildings and business facilities are shown as 'other non-current assets'. Details are provided in Note 6(10)

- A. The significant components of buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. The net difference of the transfers for this period resulted from transferring mold equipment made for customers from inventories amounting to \$3,484.

(8) Leasing arrangements - lessee

- A. The Group leases various assets including land, office, warehouse, business vehicles, parking spaces, printers and landscaping, etc. Rental contracts are typically made for periods of 3 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less pertain to parking spaces and offices. Low-value assets pertain to coffee machine, printers and landscaping.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 50,860	\$ 50,248	\$ 51,602
Buildings	18,075	22,394	28,304
Transportation equipment	6,591	6,137	3,324
Others	2,060	2,213	2,674
	<u>\$ 77,586</u>	<u>\$ 80,992</u>	<u>\$ 85,904</u>

  

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 241	\$ 239
Buildings	1,568	1,949
Transportation equipment	694	402
Others	154	163
	<u>\$ 2,657</u>	<u>\$ 2,753</u>

- D. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were \$1,123 and \$2,205, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	129	184
Expense on short-term lease contracts	2,629	2,302
Expense on leases of low-value assets	209	299
Expense on variable lease payments	588	661
Gain on lease modification	11	-

F. The Group early terminated the building leasing contract in March 2022. Right-of-use assets and lease liabilities have decreased by \$1,651 and \$1,662, respectively, and the gain on lease modification of \$11 was recognised.

G. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases was \$6,324 and \$6,030 (of which \$2,769 and \$2,584 represents payments of the principal of lease liabilities), respectively.

#### H. Variable lease payments

Some of the Group's lease contracts contain variable lease payment terms that are determined and recognised as expense based on the actual usage during the period.

#### I. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option.

The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

### (9) Intangible assets

	<u>Trademarks</u>	<u>Computer software</u>	<u>Patents</u>	<u>Total</u>
<u>At January 1, 2022</u>				
Cost	\$ 640	\$ 57,775	\$ 5,258	\$ 63,673
Accumulated amortisation	( 472)	( 40,897)	( 3,159)	( 44,528)
	<u>\$ 168</u>	<u>\$ 16,878</u>	<u>\$ 2,099</u>	<u>\$ 19,145</u>
<u>2022</u>				
At January 1	\$ 168	\$ 16,878	\$ 2,099	\$ 19,145
Additions	-	2,261	35	2,296
Amortisation charge	( 12)	( 2,754)	( 610)	( 3,376)
Effects of foreign exchange	-	226	-	226
At March 31	<u>\$ 156</u>	<u>\$ 16,611</u>	<u>\$ 1,524</u>	<u>\$ 18,291</u>
<u>At March 31, 2022</u>				
Cost	\$ 640	\$ 60,484	\$ 5,293	\$ 66,417
Accumulated amortisation	( 484)	( 43,873)	( 3,769)	( 48,126)
	<u>\$ 156</u>	<u>\$ 16,611</u>	<u>\$ 1,524</u>	<u>\$ 18,291</u>

	Trademarks	Computer software	Patents	Total
<u>At January 1, 2021</u>				
Cost	\$ 579	\$ 44,154	\$ 2,576	\$ 47,309
Accumulated amortisation	( 424)	( 33,711)	( 1,170)	( 35,305)
	<u>\$ 155</u>	<u>\$ 10,443</u>	<u>\$ 1,406</u>	<u>\$ 12,004</u>
<u>2021</u>				
At January 1	\$ 155	\$ 10,443	\$ 1,406	\$ 12,004
Additions	-	13,403	46	13,449
Transfers (Note)	-	2,320	-	2,320
Amortisation charge	( 12)	( 2,311)	( 453)	( 2,776)
Effects of foreign exchange	-	( 69)	-	( 69)
At March 31	<u>\$ 143</u>	<u>\$ 23,786</u>	<u>\$ 999</u>	<u>\$ 24,928</u>
<u>At March 31, 2021</u>				
Cost	\$ 579	\$ 52,368	\$ 2,622	\$ 55,569
Accumulated amortisation	( 436)	( 28,582)	( 1,623)	( 30,641)
	<u>\$ 143</u>	<u>\$ 23,786</u>	<u>\$ 999</u>	<u>\$ 24,928</u>

Note: Transferred from prepayments for intangible assets (shown as ‘other non-current assets’).

Details of amortisation on intangible assets are as follows:

	Three months ended March 31,	
	2022	2021
Manufacturing cost	\$ 1,143	\$ 491
Selling expenses	305	127
Administrative expenses	764	580
Research and development expenses	1,164	1,578
	<u>\$ 3,376</u>	<u>\$ 2,776</u>

(10) Other non-current assets

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for business facilities	\$ 12,031	\$ 77,314	\$ 17,728
Guarantee deposits paid	6,897	6,894	4,000
Prepayments for intangible assets	1,432	1,432	-
Others	18,134	18,124	28,706
	<u>\$ 38,494</u>	<u>\$ 103,764</u>	<u>\$ 50,434</u>



(11) Short-term borrowings

Type of borrowings	March 31, 2022	Interest rate	Collateral
Short-term borrowings	\$ 816,061	0.70%~0.99%	A promissory note of the same amount was issued as collateral.
Short-term borrowings	133,602	0.31%	None.
Short-term secured borrowings	286,304	0.757%~1.003%	Please refer to Note 8.
	<u>\$ 1,235,967</u>		

Type of borrowings	December 31, 2021	Interest rate	Collateral
Short-term borrowings	\$ 799,768	0.70%~0.90%	A promissory note of the same amount was issued as collateral.
Short-term secured borrowings	276,706	0.656%~0.741%	Please refer to Note 8.
	<u>\$ 1,076,474</u>		

Type of borrowings	March 31, 2021	Interest rate	Collateral
Short-term borrowings	\$ 736,686	0.70%~0.86%	A promissory note of the same amount was issued as collateral.
Short-term secured borrowings	201,265	1.003%	Please refer to Note 8.
	<u>\$ 937,951</u>		

(12) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for machinery and equipment	\$ 202,923	\$ 128,048	\$ 25,371
Wages and bonus payable	162,404	215,491	191,282
Payables for mold	86,977	94,158	73,799
Remuneration due to directors and employee compensation	91,107	76,639	108,121
Payables for export freight and customs clearance charges	38,532	40,468	29,893
Payables for service fees	13,251	12,629	23,073
Payables for consumable goods	12,022	8,785	13,296
Payables for processing fees	2,539	2,105	24,498
Payables for intangible assets	-	5,002	7,902
Others	165,350	177,708	123,087
	<u>\$ 775,105</u>	<u>\$ 761,033</u>	<u>\$ 620,322</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2022
Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan (Note 1)	TWD 400,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2023	1.00% ~1.28%	(Note 1)	\$ 400,000
Loans for Returning Overseas Taiwanese Businesses (Note 2)	TWD 1,280,000 thousand; borrowing period is from February 8, 2021 to February 8, 2031; principal and interest are repayable monthly from March 15, 2024	0.40% ~ 0.87%	(Note 2)	1,222,010
"	TWD 736,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2024	0.40% ~ 0.65%	"	15,900
"	TWD 640,000 thousand; borrowing period is from June 15, 2021 to June 15, 2028; principal and interest are repayable monthly from June 15, 2024	0.40% ~ 0.65%	"	165,430
Secured borrowings	TWD 372,000 thousand; borrowing period is from August 20, 2021 to August 20, 2036; principal and interest are repayable monthly from August 20, 2024	1.00% ~ 1.28%	Real estate located in Xinzhuang Dist., New Taipei City	372,000

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2022
Installment payment for secured foreign currency borrowings (Note 3)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	105,109
				2,280,449
Less: Current portion				(7,431)
				<u>\$ 2,273,018</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan (Note 1)	TWD 400,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2023	1%	(Note 1)	\$ 400,000
Loans for Returning Overseas Taiwanese Businesses (Note 2)	TWD 1,280,000 thousand; borrowing period is from February 8, 2021 to February 8, 2031; principal and interest are repayable monthly from March 15, 2024	0.40%	"	1,000,690
"	TWD 736,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2024	0.40%	"	15,900

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2021
Loans for Returning Overseas Taiwanese Businesses (Note 2)	TWD 640,000 thousand; borrowing period is from June 15, 2021 to June 15, 2028; principal and interest are repayable monthly from June 15, 2024	0.40%	(Note 2)	\$ 77,810
Secured borrowings	TWD 372,000 thousand; borrowing period is from August 20, 2021 to August 20, 2036; principal and interest are repayable monthly from August 20, 2024	1%	Real estate located in Xinzhuang Dist., New Taipei City	372,000
Installment payment for secured foreign currency borrowings (Note 3)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	<u>103,375</u>
Less: Current portion				1,969,775 ( <u>7,117</u> ) <u>\$ 1,962,658</u>

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2021
Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan (Note 1)	TWD 400,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2023	1%	(Note 1)	\$ 400,000
Loans for Returning Overseas Taiwanese Businesses (Note 2)	TWD 187,020 thousand; borrowing period is from February 8, 2021 to February 8, 2031; principal and interest are repayable monthly from March 15, 2024	0.40%	(Note 2)	187,020
"	TWD 13,000 thousand; borrowing period is from January 15, 2021 to January 15, 2028; principal and interest are repayable monthly from February 15, 2024	0.40%	"	13,000
Installment payment for secured foreign currency borrowings (Note 3)	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	
				<u>111,856</u>
				711,876
Less: Current portion (shown as 'other current liabilities')				( <u>7,137</u> )
				<u>\$ 704,739</u>

Note 1: The Company applied for Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and had drawn down the loan in January 2021. The total amount of the loan was \$400,000, and the loan term was 7 years after the first drawdown date. The interest rate of the loan was the floating interest rate on a 2-year time deposit offered by the Bank of Taiwan plus 0.155% of annual interest and the markdown interest rate shall be no less than 1%. The loan is mainly for the purchase of land. The Company pledged land in Lucao Township, Chiayi County as collateral.

Note 2: The Company applied for Loans for Returning Overseas Taiwanese Businesses with the Bank of Taiwan in October 2020. The total amount of the loan was \$1,344,000. In July 2021, the Company applied for an adjustment of loan amount to \$2,656,000, and the loan term was 7 to 10 years after the first drawdown date. The interest rate of the loan was the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank less 0.445% of annual interest and the markdown interest rate shall be no less than 0.4%. The commission fee shall be paid by the National Development Fund at an annual interest of 0.5%, and the payment period shall not exceed 5 years. The loan is mainly for construction of plant, purchase of machinery and equipment and working capital. The Company pledged promissory note of the same amount as the loan, machinery and equipment purchased with the loan proceeds and buildings under completion as collateral.

If, during the contract period, there is a violation of any of the loan covenants, the budget of the National Development Fund may be frozen, there are changes in government policies, there is a need for capital procurement, or any other situation where the National Development Fund is not liable, the commission fee shall not be paid by the National Development Fund after notice and the interest rate of the loan shall be adjusted to the floating interest rate on a 2-year time deposit offered by the Directorate General of the Postal Remittances and Savings Bank plus 0.055% of annual interest and the markdown interest rate shall be no less than 0.9%.

Note 3: The secured borrowing contract of the subsidiary, CLOUDWELL HOLDINGS, LLC., requires that the interest coverage ratio for each year should not be lower than 1.2. If the requirement is not met, the subsidiary shall repay the outstanding borrowing or provide bank deposits as collateral. As of December 31, 2021, the subsidiary, CLOUDWELL HOLDINGS, LLC., has not violated the requirements of the abovementioned secured borrowing contract.

#### (14) Pensions

##### A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company

would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$37 and \$52 for the three months ended March 31, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2023 amount to \$1,089.

#### B. Defined contribution plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees’ salaries and wages. Other than the periodic contribution, the overseas companies have no further obligations.
- (c) The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the three months ended March 31, 2022 and 2021 were \$3,144 and \$2,731, respectively.
- (d) Micom Source Holding Company, CLOUDWELL HOLDINGS, LLC., Chenbro GmbH, AMAC International Company, AMBER International Company, ADEPT International Company, and PROCASE & MOREX Corporation did not establish their pension plans or had no employees. In addition, the pension costs under the defined contribution pension plans of CHENBRO MICOM (USA) INCORPORATION, Chenbro Technology (Kunshan) Co., Ltd., ChenPower Information Technology (Shanghai) Co., Ltd. and Dongguan Procace Electronic Co., Ltd. for the three months ended March 31, 2022 and 2021 were \$9,768 and \$8,731, respectively.

(15) Share-based payment

A. The Group's share-based payment arrangements which have not expired as of March 31, 2022 were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note 1)	2020.8.11	1,200 thousand shares	4 years	Graded vesting at a certain percentage after one year of service and achieving the required KPI (Note 2)

Note 1: During the vesting period, the restricted stocks issued by the Company cannot be sold, pledged, transferred, donated, collateralised, or disposed in any other method, except for inheritance, and the shareholders' rights to attend, propose, speak and vote in the shareholders' meeting are executed by the trust institution according to the agreement. Employees are entitled to the cash and stock dividends distributed by the Company. The distributed cash and stock dividends are treated as meeting the vesting conditions and are not required to be kept in the trust institution. This also applies to capital reduction. If employees resign during the vesting period, the Company will redeem those stocks but employees are not required to return the dividends received.

Note 2: The vesting percentage for the employee who has one, two, three and four years of service with the Company since the grant date and achieves the performance condition is 25% each year.

B. Details of the above restricted stocks to employees are as follows:

	2022	2021
	Quantity of stocks (in thousands)	Quantity of stocks (in thousands)
Restricted stocks at the beginning of period	773	1,200
Redeemed during the period (Note)	( 19)	-
Retired during the period	-	( 15)
Restricted stocks at the end of period	754	1,185

Note: For the years ended December 31, 2022 and 2021, the Company redeemed 8 and 11 thousand shares of restricted stocks to employees, which have not been retired as of April 18, 2022.



C. The fair value of restricted stocks granted on grant date is measured based on the stock price on the grant date and the estimated annual employee turnover rate. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected option life	Fair value per unit (in dollars)
Restricted stocks to employees	2020.8.11	\$91.3	-	4 years	\$91.3

D. Expenses incurred on share-based payment transactions are shown below:

	Three months ended March 31,	
	2022	2021
Equity-settled	\$ 5,641	\$ 10,977

#### (16) Ordinary shares

As of March 31, 2022, the Company's authorised capital was \$1,500,000, consisting of 150 million shares of ordinary stock (including 1 million shares reserved for employee stock options), and the paid-in capital was \$1,207,697, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	2022	2021
At January 1	120,778	120,926
Redemption of restricted stocks to employees yet to be retired	( 8)	-
Retirement of restricted stocks	-	( 15)
At March 31	120,770	120,911

Please refer to 6(15) for details of the restricted stocks to employee.

#### (17) 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 Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

#### (18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be

used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve reaches total capital. The remaining shall take into account item D below for the related regulations of setting aside special reserve. The appropriation of the remaining earnings along with the unappropriated earnings of prior years depends on annual financial status and economic development and shall be proposed by the Board of Directors and approved by the shareholders.

- B. The Company's dividend policy is based on the current profit and consideration of the Company's growth in the future, capital budget plan and capital needs as well as consideration of shareholders' interest and long-term financial plan, etc. Earnings can be distributed to shareholders as cash dividends or stock dividends. Cash dividends shall account for at least 10% of the total dividends distributed. If cash dividends are lower than \$0.20 (in dollars) per share, stock dividends will be issued instead.
- C. 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.
- D. (a) 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.
- (b) The amount of \$65,573 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. On March 15, 2022, the Board of Directors has proposed the appropriations of the 2021 earnings, and on May 14, 2021, the shareholders during their meeting resolved the appropriations of 2020 earnings as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
		Dividend per share		Dividend per share
	<u>Amount</u>	<u>(in dollars)</u>	<u>Amount</u>	<u>(in dollars)</u>
Legal reserve	\$ 67,742	\$ -	\$ 97,474	\$ -
Special reserve	10,212	-	35,952	-
Cash dividends to shareholders	<u>362,309</u>	<u>3.00</u>	<u>483,644</u>	<u>4.00</u>
	<u>\$ 440,263</u>	<u>\$ 3.00</u>	<u>\$ 617,070</u>	<u>\$ 4.00</u>

As of May 12, 2022, the abovementioned appropriation of 2021 earnings has not yet been resolved by the shareholders.

(19) Other equity items

2022				
	Currency translation	Unrealised losses on valuation	Other, unearned compensation	Total
At January 1	(\$ 283,825)	\$ 13,109	(\$ 44,351)	(\$ 315,067)
Valuation adjustment	-	( 4,972)	-	( 4,972)
Employee restricted shares:				
- Transferred to expenses	-	-	5,641	5,641
Currency translation differences:				
- Group	112,553	-	-	112,553
- Tax on Group	( 6,939)	-	-	( 6,939)
At March 31	<u>(\$ 178,211)</u>	<u>\$ 8,137</u>	<u>(\$ 38,710)</u>	<u>(\$ 208,784)</u>

  

2021				
	Currency translation	Unrealised losses on valuation	Other, unearned compensation	Total
At January 1	(\$ 254,006)	(\$ 6,498)	(\$ 88,259)	(\$ 348,763)
Valuation adjustment	-	( 1,511)	-	( 1,511)
Employee restricted shares:				
- Transferred to expenses	-	-	10,977	10,977
Currency translation differences:				
- Group	( 20,068)	-	-	( 20,068)
- Tax on Group	3,418	-	-	3,418
At March 31	<u>(\$ 270,656)</u>	<u>(\$ 8,009)</u>	<u>(\$ 77,282)</u>	<u>(\$ 355,947)</u>

(20) Operating revenue

A. The Group derives revenue from the transfer of control of goods to customers in the following major product types:

	Three months ended March 31,	
	2022	2021
Server cases, peripheral products and components	\$ 2,074,952	\$ 1,773,101
Personal computer cases	13,753	45,826
	<u>\$ 2,088,705</u>	<u>\$ 1,818,927</u>

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	March 31, 2022	December 31, 2021
Contract liabilities - sale of products	<u>\$ 7,498</u>	<u>\$ 13,001</u>

	March 31, 2021	January 1, 2021
Contract liabilities - sale of products	\$ 8,620	\$ 7,113

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period:

	Three months ended March 31, 2022	2021
Contract liabilities - sale of products	\$ 5,348	\$ 1,066

(21) Interest income

	Three months ended March 31, 2022	2021
Interest income from bank deposits	\$ 2,740	\$ 3,019
Interest income from financial assets measured at amortised cost	1,826	2,334
	<u>\$ 4,566</u>	<u>\$ 5,353</u>

(22) Other income

	Three months ended March 31, 2022	2021
Government grant revenues	\$ 2,333	\$ 2,867
Other income, others	2,983	584
	<u>\$ 5,316</u>	<u>\$ 3,451</u>

(23) Other gains and losses

	Three months ended March 31, 2022	2021
Loss on disposal of property, plant and equipment	(\$ 507)	(\$ 58)
Gains (losses) arising from lease modifications	11	-
Net currency exchange gain (loss)	15,515	( 5,414)
Others	( 76)	( 194)
	<u>\$ 14,943</u>	<u>(\$ 5,666)</u>

(24) Finance costs

	Three months ended March 31, 2022	2021
Interest expense on bank borrowings	\$ 6,940	\$ 4,377
Interest expense on lease liabilities	129	184
	<u>\$ 7,069</u>	<u>\$ 4,561</u>

(25) Employee benefit, depreciation and amortisation expenses

	Three months ended March 31,	
	2022	2021
Wages and salaries	\$ 241,327	\$ 228,296
Share-based payment	5,641	10,977
Labour and health insurance fees	12,808	11,422
Pension costs	12,949	11,514
Other personnel expenses	23,185	21,228
Employee benefit expense	<u>\$ 295,910</u>	<u>\$ 283,437</u>
Depreciation charges	<u>\$ 133,764</u>	<u>\$ 90,861</u>
Amortisation charges	<u>\$ 3,376</u>	<u>\$ 2,776</u>

- A. According to the Articles of Incorporation of the Company and its domestic subsidiaries, a ratio of profit of the current year distributable, shall be distributed as employees' compensation and directors' and supervisors' remuneration. For the Company, the ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. For the domestic subsidiaries, the ratio shall not be lower than 5% for employees' compensation. Employees' compensation and directors' and supervisors' remuneration will be distributed in the form of stock or cash as resolved by the Board of Directors. Employees who are entitled to receive employees' compensation include employees of subsidiaries of the company meeting certain specific requirements. Related regulations were set by the Board of Directors. The distribution of employees' compensation and directors' and supervisors' remuneration should be reported to the stockholders. However, if the Company has accumulated deficit, the Company should cover accumulated losses first, then distribute employees' compensation and directors' and supervisors' remuneration proportionately as described above.
- B. For the three months ended March 31, 2022 and 2021, employees' compensation were accrued at \$11,180 and \$11,507, respectively; while directors' and supervisors' remuneration were accrued at \$3,288 and \$3,385, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2021, employees' compensation and directors' and supervisors' remuneration amounted to \$58,569 and \$17,226 as resolved by the Board of Directors on March 15, 2022, respectively, and the differences with the amounts recognised in the current year's financial statements amounted to \$652 and \$192, respectively. The differences are accounted for as changes in accounting estimates and will be adjusted in the second quarter of 2022 as the amounts are not material.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 30,821	\$ 34,987
Prior year income tax over estimation	-	(16,746)
Total current tax	30,821	18,241
Deferred tax:		
Origination and reversal of temporary differences	13,621	19,313
Total deferred tax	13,621	19,313
Income tax expense	\$ 44,442	\$ 37,554

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

	Three months ended March 31,	
	2022	2021
Currency translation differences	\$ 6,939	(\$ 3,418)

- B. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.
- C. The income tax returns of the subsidiary, Chen-Feng Precision Co., Ltd. through 2020 have been assessed and approved by the Tax Authority.
- D. The Company had applied for investment of repatriated offshore funds back in Taiwan in 2021 and had paid 8~10% of the income tax. The Company will apply for 4~5% of tax refund after it completes the substantive investment and obtains the certificate issued by the Ministry of Economic Affairs. The aforementioned tax refund expected to be collected amounting to \$4,009 was shown as 'current tax assets'.

(27) Earnings per share

Three months ended March 31, 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	\$ 126,011	120,005	\$ 1.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 126,011		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	789	
Restricted stocks	-	297	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 126,011	121,091	\$ 1.04
Three months ended March 31, 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	\$ 125,780	119,726	\$ 1.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 125,780		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	895	
Restricted stocks	-	170	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 125,780	120,791	\$ 1.04

(28) Supplemental cash flow information

Investing activities with partial cash payments:

A. Purchase of property, plant and equipment:

	Three months ended March 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 565,381	\$ 340,700
Add: Opening balance of payable on equipment	128,048	35,873
Opening balance of payable on land and building purchased	-	303,010
Ending balance of prepayments for business facilities	12,031	17,728
Less: Opening balance of prepayments for business facilities	( 75,882)	( 11,194)
Ending balance of payable on equipment	( 202,923)	( 25,371)
Transferred to inventories (transferred from inventories)	10,891	( 3,484)
Cash paid during the period	<u>\$ 437,546</u>	<u>\$ 657,262</u>

B. Acquisition of intangible assets

	Three months ended March 31,	
	2022	2021
Acquisition of intangible assets	\$ 2,296	\$ 15,769
Add: Opening balance of prepayment for intangible assets	1,432	-
Opening balance of payable for intangible assets	-	-
Less: Opening balance of prepayment for intangible assets	( 1,432)	( 2,320)
Ending balance of payable for intangible assets	-	( 7,902)
Cash paid during the period	<u>\$ 2,296</u>	<u>\$ 5,547</u>



(29) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2022	\$ 1,076,474	\$ 1,969,775	\$ 30,394	\$ 539	\$ 3,077,182
Changes in cash flow from financing activities	148,654	307,500	( 4,431)	21	451,744
Impact of changes in foreign exchange rate	10,839	3,174	-	-	14,013
Changes in other non-cash items	-	-	1,123	-	1,123
At March 31, 2022	<u>\$ 1,235,967</u>	<u>\$ 2,280,449</u>	<u>\$ 27,086</u>	<u>\$ 560</u>	<u>\$ 3,544,062</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	\$ 849,069	\$ 113,361	\$ 34,903	\$ 519	\$ 997,852
Changes in cash flow from financing activities	88,882	598,562	( 2,584)	( 4)	684,856
Impact of changes in foreign exchange rate	-	( 47)	-	-	( 47)
Changes in other non-cash items	-	-	2,205	-	2,205
At March 31, 2021	<u>\$ 937,951</u>	<u>\$ 711,876</u>	<u>\$ 34,524</u>	<u>\$ 515</u>	<u>\$ 1,684,866</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are held by the public, thus, there is no parent company or ultimate parent.

(2) Name of related party and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chen-Source Inc.	Other related party
SUPPER LASERS INDUSTRY CO., LTD.	Other related party

(3) Significant related party transactions

A. Operating revenue

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Sales:		
Other related parties	<u>\$ 90</u>	<u>\$ 78</u>

Goods are sold based on normal prices and terms. Payment term is 60~90 days after monthly billings.

B. Purchases and other expenses

	Three months ended March 31,	
	2022	2021
Purchases:		
Other related parties	\$ 375	\$ 2,190
Other expenses:		
Other related parties	1,589	1,327
	<u>\$ 1,964</u>	<u>\$ 3,517</u>

(a) Purchases: No similar transaction can be compared with. Prices and terms are determined based on mutual agreements and payment term is 60~90 days after monthly billings.

(b) Other expenses: It arises from short-term leases of warehouse and management of warehouse by other related parties on behalf of the Company. Prices and terms are determined based on mutual agreements, and the collection term is 60 days after monthly billings.

C. Receivables from related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable:			
Other related parties	\$ 117	\$ 365	\$ 63
Accounts receivable:			
Other related parties	55	103	26
Other receivables - payment on behalf of others:			
Other related parties	17	5	34
	<u>\$ 189</u>	<u>\$ 473</u>	<u>\$ 123</u>

The receivables from related parties are unsecured in nature and bear no interest.

D. Payables to related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable:			
Other related parties	\$ 514	\$ 2,098	\$ 2,428
Other payables - other expenses:			
Other related parties	1,223	1,811	970
	<u>\$ 1,737</u>	<u>\$ 3,909</u>	<u>\$ 3,398</u>

(a) Accounts payable bear no interest.

(b) Other payables are payments made by other related parties on behalf of the Company.

(4) Key management compensation

	Three months ended March 31,	
	2022	2021
Short-term employee benefits	\$ 12,895	\$ 15,714
Post-employment benefits	71	128
Share-based payments	2,021	4,665
	<u>\$ 14,987</u>	<u>\$ 20,507</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	March 31, 2022	December 31, 2021	March 31, 2021	
Time deposits (shown as 'current financial assets at amortised cost')	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 3,000</u>	Customs duty guarantee
Time deposits (shown as 'non-current financial assets at amortised cost')	<u>\$ 13,460</u>	<u>\$ -</u>	<u>\$ -</u>	Grant for research and development
Cash in banks (shown as 'non-current financial assets at amortised cost')	<u>\$ 2,965</u>	<u>\$ 3,951</u>	<u>\$ 2,953</u>	Long-term borrowings (Note 1)
Land and buildings	<u>\$ 1,213,607</u>	<u>\$ 1,208,725</u>	<u>\$ 754,665</u>	Long-term borrowings (Notes 1, 2 and 3)
Accounts receivable (Note 4)	<u>\$ 358,958</u>	<u>\$ 347,247</u>	<u>\$ 249,805</u>	Short-term borrowings

Note 1: In August, 2013, the subsidiary, CLOUDWELL HOLDINGS, LLC., signed a long-term borrowing contract for a credit line of USD 5.53 million with banks. The contract requires the subsidiary to pledge land and buildings as mortgage and USD 100 thousand as collateral.

Note 2: The Company applied for Loans for Returning Overseas Taiwanese Businesses and Preferential Loans for Returning Taiwanese Businesses for the Purchase of Land in Taiwan with the Bank of Taiwan in October 2020 and pledged promissory note of the same amount as the loan, machinery and equipment purchased from the loan, land in Lucao Township, Chiayi County and buildings under completion as collateral.

Note 3: In August 2021, the Company signed a long-term borrowing contract for a credit line of \$372,000 with Bank of Taiwan. The contract requires the Company to pledge land and buildings located on 18F & 19F, Xinzhuang District, New Taipei City as mortgage.

Note 4: The subsidiary, Chenbro Technology (Kunshan) Co., Ltd., pledged its accounts receivable from the parent company, Chenbro Micom Co., Ltd., as collateral and was eliminated when preparing the consolidated financial statements.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- A. On December 22, 2020, the Company entered into a plant construction contract (mechatronic, fire safety and air conditioning) with RUEY LAN ENGINEERING CO., LTD. for the total price of \$289,500 (tax included). In addition, on January 11, 2022, the Company contracted a supplemental construction payment in the amount of \$81,800 (tax included), the adjusted total contract price was \$371,300 (tax included). As of March 31, 2022, the Company has made a payment of \$335,618.
- B. On February 2, 2021, the Company entered into a contract for plant construction on its own land in Chiayi County Machohou Industry Park with SAN MIN CONSTRUCTION DEVELOPMENT CO., LTD. for the total price of \$1,208,529 (tax included). In addition, on March 15, 2022, the Company contracted a supplemental construction payment in the amount of \$63,420 (tax included), the adjusted total contract price was \$1,271,949 (tax included). As of March 31, 2022, the Company has made a payment of \$1,169,148.
- C. Except for the related construction of new plant, the Company had contracted and not yet incurred related capital expenditure of property, plant and equipment in the amount of \$75,511.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to maintain an optimal financial structure and capital ratio in order to support operations and maximise interests for shareholders.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 42,831	\$ 47,803	\$ 26,685
Financial assets at amortised cost			
Cash and cash equivalents	815,556	1,437,185	1,142,512
Financial assets at amortised cost	254,053	13,951	222,953
Notes receivable	10,755	25,808	1,316
Accounts receivable	2,287,857	2,346,573	1,783,263
Other receivables	46,856	95,129	52,656
Guarantee deposits paid	6,897	6,894	4,000
	<u>\$ 3,464,805</u>	<u>\$ 3,973,343</u>	<u>\$ 3,233,385</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,235,967	\$ 1,076,474	\$ 937,951
Notes payable	30,279	80,526	-
Accounts payable	2,741,023	2,994,287	1,874,415
Other payables	775,105	761,033	620,322
Long-term borrowings (including current portion)	2,280,449	1,969,775	711,876
Guarantee deposits received	560	539	515
Other current liabilities	5,651	5,074	3,683
	<u>\$ 7,069,034</u>	<u>\$ 6,887,708</u>	<u>\$ 4,148,762</u>
Lease liabilities	<u>\$ 27,086</u>	<u>\$ 30,394</u>	<u>\$ 34,524</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price 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.
- (b) 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 overall 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.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury, and primarily hedge using natural hedge.

- iii. 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 and RMB). 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 amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 80,744	28.63	\$ 2,311,701
USD:RMB	47,512	6.35	1,360,269
<u>Non-monetary items</u>			
USD:NTD	16,625	28.63	475,979
EUR:NTD	400	31.92	12,753
RMB:NTD	563,934	4.51	2,543,344
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 63,765	28.63	\$ 1,825,592
USD:RMB	20,911	6.35	598,682
December 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 70,323	27.68	\$ 1,946,541
USD:RMB	39,992	6.38	1,106,979
<u>Non-monetary items</u>			
USD:NTD	14,685	27.68	406,493
EUR:NTD	357	31.32	11,193
RMB:NTD	553,668	4.34	2,402,918
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 57,099	27.68	\$ 1,580,500
USD:RMB	22,397	6.38	619,949

March 31, 2021			
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 63,652	28.54	\$ 1,816,628
USD:RMB	25,445	6.58	726,638
<u>Non-monetary items</u>			
USD:NTD	13,961	28.54	398,438
EUR:NTD	130	33.48	4,359
RMB:NTD	515,877	4.34	2,238,908
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 37,665	28.54	\$ 1,074,959
USD:RMB	17,527	6.58	500,522
iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021, amounted to \$15,515 and (\$5,414), respectively.			
v. Analysis of foreign currency market risk arising from significant foreign exchange variation:			

Three months ended March 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 23,117	\$ -
USD:RMB	1%	13,603	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	18,256	-
USD:RMB	1%	5,987	-

Three months ended March 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 18,166	\$ -
USD:RMB	1%	7,266	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	10,750	-
USD:RMB	1%	5,005	-

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income.
- ii. Shares were issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other comprehensive income for the three months ended March 31, 2022 and 2021 would have increased/decreased by \$428 and \$267 as a result of gains or losses on equity investment at fair value through other comprehensive income, respectively.

#### Cash flow and fair value interest rate risk

- A. The Group's interest rate risk primarily arises from various borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. For the three months ended March 31, 2022, the Group's borrowings were issued at fixed rate and are denominated in NTD. For the three months ended March 31, 2021, the Group's borrowings were denominated in the USD and NTD.
- B. If the borrowing interest rate of New Taiwan dollars had increased/decreased by 1 basis point with all other variables held constant, profit, net of tax for the three months ended March 31, 2022 would have increased/decreased by \$54. The main factor is that changes in interest expense result in floating-rate borrowings.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the



agreed terms, and the financial assets at amortised cost and equity instruments stated at fair value through other comprehensive income.

- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. Individual risk limits are set based on internal or external factors in accordance with limits set by the supervisors of credit control. The utilisation of credit limits is regularly monitored.
- iv. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- vii. The Group used the forecastability of The New Basel Capital Accord to adjust historical and timely information to assess the default possibility of accounts receivable. As of March 31, 2022, December 31, 2021 and March 31, 2021, the loss allowance is as follows:

	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>March 31, 2022</u>				
Expected loss rate	0.03%	0.03%-0.17%	0.03%-2.51%	0.03%-10.07%
Total book value	\$ 1,983,208	\$ 293,312	\$ 14,495	\$ 1,521
Loss allowance	\$ -	\$ 4,059	\$ 562	\$ 58
	271 to 360 days past due	Over 360 days past due	Total	
<u>March 31, 2022</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ -	\$ -	\$ 2,292,536	
Loss allowance	\$ -	\$ -	\$ 4,679	

	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>December 31, 2021</u>				
Expected loss rate	0.03%	0.03%-0.2%	0.03%-2.8%	0.03%-11.51%
Total book value	\$ 2,059,116	\$ 283,276	\$ 6,932	\$ 56
Loss allowance	\$ -	\$ 2,107	\$ 694	\$ 6
	271 to 360 days past due	Over 360 days past due	Total	
<u>December 31, 2021</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ -	\$ -	\$ 2,349,380	
Loss allowance	\$ -	\$ -	\$ 2,807	
	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 270 days past due
<u>March 31, 2021</u>				
Expected loss rate	0.03%	0.03%-0.07%	0.03%-0.57%	0.03%-2.18%
Total book value	\$ 1,547,931	\$ 223,657	\$ 7,764	\$ 6,783
Loss allowance	\$ -	\$ 1,582	\$ 615	\$ 675
	271 to 360 days past due	Over 360 days past due	Total	
<u>March 31, 2021</u>				
Expected loss rate	0.03%-100%	100.00%		
Total book value	\$ -	\$ -	\$ 1,786,135	
Loss allowance	\$ -	\$ -	\$ 2,872	

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Three months ended March 31,	
	2022	2021
	Accounts receivable	Accounts receivable
At January 1	\$ 2,807	\$ 2,292
Reversal of impairment loss	1,783	579
Effect of exchange rate changes	89	1
At March 31	\$ 4,679	\$ 2,872

For the three months ended March 31, 2022 and 2021, losses on impairment of accounts receivable arising from customer contracts amounted to \$1,783 and \$579, respectively.

(c) Liquidity risk

- i. 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.

- ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The analysis is as follows:

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>March 31, 2022</u>				
Short-term borrowings	\$ 1,237,379	\$ -	\$ -	\$ -
Notes payable	30,279	-	-	-
Accounts payable	2,741,023	-	-	-
Other payables	775,105	-	-	-
Lease liabilities	10,516	17,094	233,626	-
Other current liabilities	5,651	-	-	-
Long-term borrowings (including current portion)	38,008	463,174	770,077	1,132,680
Guarantee deposits received	560	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>December 31, 2021</u>				
Short-term borrowings	\$ 1,077,890	\$ -	\$ -	\$ -
Notes payable	80,526	-	-	-
Accounts payable	2,994,287	-	-	-
Other payables	761,033	-	-	-
Lease liabilities	11,036	18,488	1,890	-
Other current liabilities	5,074	-	-	-
Long-term borrowings (including current portion)	22,970	225,066	649,809	1,166,236
Guarantee deposits received	539	-	-	-

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>March 31, 2021</u>				
Short-term borrowings	\$ 939,339	\$ -	\$ -	\$ -
Accounts payable	1,871,987	-	-	-
Accounts payable - related party	2,428	-	-	-
Other payables	620,322	-	-	-
Lease liabilities	10,330	18,466	6,936	-
Other current liabilities	3,683	-	-	-
Long-term borrowings (including current portion)	17,210	56,074	291,431	408,424
Guarantee deposits received	515	-	-	-

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: 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.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The carrying amounts of the Group's financial assets not measured at fair value, including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid (shown as other non-current assets), other current assets, other non-current assets, short-term borrowings, notes payable, accounts payable (including related parties), other payables, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received (shown as other current liabilities and other non-current liabilities), are approximate to their fair values.
- C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

March 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>42,831</u>	\$ <u>42,831</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>47,803</u>	\$ <u>47,803</u>
March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>26,685</u>	\$ <u>26,685</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The fair value of the Group's 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.
- ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current

market conditions.

- D. The following chart is the movement of Level 3 for the three months ended March 31, 2022 and 2021:

	2022	2021
	Equity securities	Equity securities
January 1	\$ 47,803	\$ 28,196
Recorded as unrealised losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	( 4,972)	( 1,511)
At March 31	<u>\$ 42,831</u>	<u>\$ 26,685</u>

- E. For the three months ended March 31, 2022 and 2021, there was no transfer into or out from Level 3.
- F. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- G. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (first quartile)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 42,831	Market comparable companies	Price to book ratio multiple	1.28-5.25 (1.63)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

	<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (first quartile)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 47,803	Market comparable companies	Price to book ratio multiple	1.45-6.61 (1.8)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value
	<u>Fair value at March 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (first quartile)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 26,685	Market comparable companies	Price to book ratio multiple	1.20-3.08 (1.27)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	25% (25%)	The higher the discount for lack of marketability, the lower the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			March 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 428	(\$ 428)
	Discount for lack of marketability	±1%	-	-	143	( 143)

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 478	(\$ 478)
	Discount for lack of marketability	±1%	-	-	159	( 159)

			March 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	\$ -	\$ -	\$ 267	(\$ 267)
	Discount for lack of marketability	±1%	-	-	89	( 89)

#### (4) Impact of the COVID-19 pandemic on the Company

Due to the spread of the Covid-19, the Group's subsidiary in Kunshan was in line with the local



government's epidemic prevention policy and its operations have been affected since April 2, 2022. The Group has adopted the appropriate contingency measures, but the overall impact on the Group will depend on the subsequent control of the epidemic and cannot be reasonably estimated at this time.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

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

#### (2) Information on investees

Counterparties' information are disclosed based on subsidiaries' financial statements, which were not reviewed by independent auditors. However, the information on investments between companies was eliminated when preparing the consolidated financial statements. The following disclosures are for reference only.

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

Name of company	Counterparty	Accounts	Amount 2022	Percentage representing the account of the company (%)	Note
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Purchases	\$ 991,029	94	
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Accounts payable	1,251,922	81	
Chenbro Micom Co., Ltd.	Dongguan Procace Electronic Co., Ltd.	Purchases	127,154	19	
Chenbro Micom Co., Ltd.	Dongguan Procace Electronic Co., Ltd.	Accounts payable	75,801	10	

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. OPERATING SEGMENT INFORMATION

(1) General information

Because each plant possesses similar economic characteristics, produces similar products under similar production process, uses the same machinery and equipment, as well as the distribution methods and customer categories are alike, the Company and subsidiaries' chief operating decision-maker has assessed that the Company and its subsidiaries only have one reportable operating segment. Furthermore, the measurement basis for the Company is in agreement with the basis stated in the reports reviewed by the chief operating decision-maker.

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

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments. The Company and subsidiaries have only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

(3) Reconciliation for segment income (loss)

The segment operating profit provided to the chief operating decision-maker is measured in a manner consistent with that used for the statement of comprehensive income. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision-maker to make strategic decisions. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

## CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Three months ended March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed			Maximum outstanding endorsement/ guarantee amount as of March 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2022 (Note 5)	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 (Note 6)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 6)	Provision of endorsements/ guarantees to the party in Mainland China (Note 6)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party										
0	CHENBRO MICOM CO., LTD.	CLOUDWELL HOLDINGS, LLC.	2	\$ 877,823	\$ 160,328	\$ 160,328	\$ 105,109	\$ -	3.65	\$ 2,633,470	Y	N	N	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:

- (1) A company with which the Company does business
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares
- (5) Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- (6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
- (7) Where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 3: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ceiling on accumulated endorsements/guarantees to others and limit on endorsements/guarantees to a single party was 60% and 20% of the Company's net assets, respectively.

Note 4: The maximum endorsement/guarantee provided by Chenbro Micom Co., Ltd. to CLOUDWELL HOLDINGS, LLC. was \$5,600 thousand for the three months ended March 31, 2022.

Note 5: The outstanding endorsement/guarantee provided by Chenbro Micom Co., Ltd. to CLOUDWELL HOLDINGS, LLC. was \$5,600 thousand for the three months ended March 31, 2022.

Note 6: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period

March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
CHENBRO MICOM CO., LTD.	Diamond Creative Holding Limited	None	Non-current financial assets at fair value through other comprehensive income	1,100,000	\$ 42,831	14.29%	\$ 42,831	

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

Three months ended March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:													
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount (Note 1)	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
CHENBRO MICOM CO., LTD.	Machouhou Industry Park's productive plant	February 2, 2021 (Note 1)	\$ 1,271,949	Based on the contract schedule (Note 2)	San Min Construction Development Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of production capacity	None
CHENBRO MICOM CO., LTD.	Machouhou Industry Park's productive plant	January 11, 2022 (Note 3)	\$ 371,300	Based on the contract schedule (Note 3)	RUEY LAN ENGINEERING CO., LTD.	None	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Expansion of production capacity	None

Note 1: On February 2, 2021, the Company entered into a contract with SAN MIN CONSTRUCTION DEVELOPMENT CO., LTD. at the total price of \$1,208,529 (tax included). In addition, on March 15, 2022, the Company contracted a supplemental construction payment in the amount of \$63,420 (tax included), the adjusted total contract price was \$1,271,949 (tax included).

Note 2 : As of March 31, 2022, the company has paid \$1,169,148.

Note 3: The contract was the plant construction contract (mechatronic, fire safety and air conditioning). In addition, on January 11, 2022, the Company contracted a supplemental construction payment, the adjusted total contract price was more than \$300 million. As of March 31, 2022, the Company has made a payment of \$335,618.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Three months ended March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Sales	\$ 1,031,688	64	T/T 120 days	Note 1	Note 1	\$ 1,458,823	71	Note 2
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	991,029	94	60 days after monthly billing	Note 1	Note 1	1,251,922	81	Note 2
Dongguan Procace Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	127,154	19	60 days after monthly billing	Note 1	Note 1	75,801	10	Note 2
Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Sales	531,676	80	90 days after monthly billing	Note 1	Note 1	674,139	89	Note 2

Note 1: Terms and prices for the abovementioned transactions are the same with third parties.

Note 2: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022 (Note 3)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
					Amount	Action taken		
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Accounts receivable \$ 1,458,823	3.37	\$ 893	Subsequent collection	\$ 194,314	\$ -
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 1,251,922	3.59	-		261,958	-
Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Accounts receivable \$ 674,139	3.16	-		280,528	-

Note 1: Subsequent collections as of May 12, 2022.

Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts was recognised.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Three months ended March 31, 2022  
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 5)
				General ledger account	Amount (Notes 3, 6 and 7)	Transaction terms	
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Sales	\$ 1,031,688	Note 4	49
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Accounts receivable	1,458,823	Note 4	12
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	991,029	Note 4	47
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	1,251,922	Note 4	11
2	Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Sales	531,676	Note 4	25
2	Dongguan Procace Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Accounts receivable	674,139	Note 4	6
2	Dongguan Procace Electronic Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	127,154	Note 4	6

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Transaction amounts less than NT\$100 million or 20% of paid-in capital are not disclosed.

Note 4: There is no transaction similar to the above purchases and sales, which are determined in accordance with mutual agreement.

Note 5: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 6: Except for current profit (loss) for the three months ended March 31, 2022 translated using the quarterly average exchange rate in the first quarter of 2022, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at March 31, 2022.

Note 7: The transactions were eliminated when preparing the consolidated financial statements.



CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in Mainland China)

Three months ended March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three months ended March 31, 2022 (Note 4)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022 (Notes 4 and 5)	Footnote
				Balance as at March 31, 2022 (Note 4)	Balance as at March 31, 2021 (Note 4)	Number of shares	Ownership (%)	Book value (Note 4)			
CHENBRO MICOM CO., LTD.	Micom Source Holding Company	Cayman Islands	Holding company	\$ 720,264	\$ 720,264	22,323,002	100	\$ 2,473,293	\$ 43,571	\$ 1,627	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	USA	General trading company	32,408	32,408	10,000,000	100	360,281	45,738	45,784	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Cloudwell Holdings, LLC.	USA	Real estate leasing company	109,365	109,365	3,600,000	100	115,698	554	554	Notes 4 and 5
CHENBRO MICOM CO., LTD.	Chenbro GmbH	Germany	General trading company	9,019	9,019	250,000	100	12,753	1,766	1,791	Notes 1 and 4
CHENBRO MICOM CO., LTD.	Chen-Feng Precession Co., Ltd.	Taiwan	Manufacturing of NCT	56,000	56,000	5,600,000	70	46,041 (	277) (	194)	
Micom Source Holding Company	AMAC International Company	Cayman Islands	Holding company	184,717	184,717	6,452,738	100	82,792 (	200)	-	Notes 3 and 4
Micom Source Holding Company	AMBER International Company	Cayman Islands	Holding company	235,870	235,870	8,239,890	100	1,848,550	45,714	-	Notes 3 and 4
Micom Source Holding Company	ADEPT International Company	British Virgin Islands	Holding company	452,275	452,275	35,346	100	630,602	1,944	-	Notes 3, 4 and 6
ADEPT International Company	PROCASE & MOREX Corporation	British Virgin Islands	Holding company	243,313	243,313	35,502	100	606,522	1,260	-	Notes 2, 4 and 5

Note 1: Investment income (loss) recognised for the three months ended March 31, 2022 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions.

Note 2: The indirect reinvestment company of the Company and investment income / loss recognised by ADEPT International Company.

Note 3: The indirect reinvestment company of the Company and investment income / loss recognised by Micom Source Holding Company.

Note 4: Except for current profit (loss) for the three months ended March 31, 2022 translated using the quarterly average exchange rate the first quarter of 2022, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at March 31, 2022.

Note 5: Investment income / loss recognised by the Company includes only that of the subsidiaries in which the Company directly invested and that of investees accounted for using equity method.

Note 6: On May 12, 2020, the Board of Directors of ADEPT International Company approved to dissolve, the liquidation was in process.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Three months ended March 31, 2022

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2022 (Note 1)	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
					Remitted to Mainland China	Remitted back to Taiwan							
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	\$ 286,250	\$ 2	\$ 286,250	\$ -	\$ -	\$ 286,250	\$ 37,637	\$ 100	\$ 37,637	\$ 1,610,566	\$ 767,130	Notes 2, 4, 5 and 7
Dongguan Procase Electronic Co., Ltd.	Manufacturing and processing of computer cases	359,015	2	85,761	-	-	85,761	( 1,699)	100	( 1,699)	689,005	-	Notes 3 and 7
ChenPower information Technology (Shang Hai) Co., Ltd.	Trading and order taking	60,113	2	-	-	-	-	9,336	100	9,336	243,773		Notes 2, 6 and 7

Investment method:

1.Directly invest in a company in Mainland China.

2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

3.Others.

Note 1: The investment income / loss of current period were audited by independent accounts of the Company.

Note 2: The Company reinvested through Amber International Company.

Note 3: The Company reinvested through Procase & Morex Corporation and AMAC International Company.

Note 4: The Company distributed cash dividends of \$302,406 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, Amber International Company and Micom Source Holding Company on October 17, 2014.

Note 5: The Company distributed cash dividends of \$464,724 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, Amber International Company and Micom Source Holding Company on May 28, 2020.

Note 6: The Company incorporated on October 8, 2016 and was reinvested by Chenbro Technology (Kunshan) Co., Ltd. through AMBER International Company at amount of USD\$ 2.1 million as capital of the Company on December 23, 2016.

Note 7: Except for current profit (loss) for the three months ended March 31, 2022 translated using the quarterly average exchange rate the first quarter of 2022, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at March 31, 2022.

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 8)
CHENBRO MICOM CO., LTD.	\$ 372,011	\$ 381,016	\$ -

Note 8: Pursuant to the Gong-Zhi-Zi Order No. 10920436020, certificate for qualified operational headquarters, issued by the Industrial Development Bureau, Ministry of Economic Affairs on February 2, 2020, there is no ceiling on accumulated investments in Mainland China for the period from November 26, 2020 to November 25, 2023.

## CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

## Major shareholders information

March 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Chen Fengming	13,614,433	11.27
Pengwei Investment Holdings	12,350,000	10.22
Lianmei Investment	11,907,000	9.85
Chen Meichi	9,656,009	7.99
Minguang Investment Holding	9,243,967	7.65