

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2022 AND 2021
(Stock Code : 2467)

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

PWCR22000035

To the Board of Directors and Shareholders of C SUN MFG. LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of C SUN MFG. LTD. and subsidiaries 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-month periods 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 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

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 certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Those statements reflect total assets of \$447,137 and \$472,601, constituting 5.84% and 6.40% of the consolidated total assets, and total liabilities of \$54,407 and \$46,200, constituting 1.27% and 1.02% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively, and total comprehensive income of \$2,582 and (\$33,301), constituting 0.96% and (17.47%) of the consolidated total comprehensive income for the three-month periods then ended, respectively.

Furthermore, as described in Note 6(7), investments accounted for using equity method were based on the financial statements of the same reporting period which were not reviewed by independent auditors. The balance of these investments accounted for using the equity method amounted to \$1,164,995 and \$952,833 as at March 31, 2022 and 2021, respectively, and the comprehensive income recognized from associates accounted for using the equity method amounted to \$37,052 and \$17,948, constituting 13.75% and 9.41% of the consolidated total comprehensive income for the three-month periods then ended, respectively.

Qualified Conclusion

Expect for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described 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 C SUN MFG. LTD. and subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and cash flows for the three-month periods then ended in accordance with “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.

Li, Tien-Yi

Chiang, Tsai-yen

For and on behalf of PricewaterhouseCoopers, Taiwan

April 28, 2022

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 independent auditors' review report 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.

C SUN MFG. 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	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,056,931	14	\$ 1,060,848	14	\$ 1,842,050	25
1110	Financial assets at fair value through profit or loss - current	6(2)	94,026	1	87,008	1	84,022	1
1120	Current financial assets at fair value through other comprehensive income	6(3)	343,359	5	316,216	4	140	-
1150	Notes receivable, net	6(5)	136,063	2	125,482	2	43,769	1
1170	Accounts receivable, net	6(5)	2,000,137	26	1,961,156	27	1,873,745	25
1180	Accounts receivable - related parties	7	-	-	436	-	-	-
1200	Other receivables		16,727	-	18,683	-	31,365	1
130X	Inventories	6(6)	1,135,420	15	1,151,756	16	1,292,562	18
1410	Prepayments		88,474	1	74,210	1	100,613	1
1470	Other current assets	8	9,902	-	7,819	-	95,577	1
11XX	Current Assets		<u>4,881,039</u>	<u>64</u>	<u>4,803,614</u>	<u>65</u>	<u>5,363,843</u>	<u>73</u>
Non-current assets								
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	112,573	1	121,832	2	115,186	1
1535	Non-current financial assets at amortised cost, net	6(4)	422,575	6	270,358	4	-	-
1550	Investments accounted for under equity method	6(7)	1,164,995	15	1,106,872	15	952,833	13
1600	Property, plant and equipment	6(8) and 8	814,000	11	778,211	11	698,170	9
1755	Right-of-use assets	6(9)	72,798	1	69,218	1	60,061	1
1780	Intangible assets		49,857	1	46,376	1	50,183	1
1840	Deferred income tax assets		110,206	1	116,209	1	128,402	2
1900	Other non-current assets	6(5)	27,760	-	26,054	-	17,334	-
15XX	Non-current assets		<u>2,774,764</u>	<u>36</u>	<u>2,535,130</u>	<u>35</u>	<u>2,022,169</u>	<u>27</u>
1XXX	Total assets		<u>\$ 7,655,803</u>	<u>100</u>	<u>\$ 7,338,744</u>	<u>100</u>	<u>\$ 7,386,012</u>	<u>100</u>

(Continued)

C SUN MFG. 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)	\$ 811,849	11	\$ 694,981	10	\$ 674,606	9
2120	Current financial liabilities at fair value through profit or loss	6(12)	1,671	-	3,399	-	4,894	-
2130	Current contract liabilities	6(21)	533,070	7	520,329	7	647,101	9
2150	Notes payable		42,511	-	40,504	1	66,761	1
2170	Accounts payable		839,244	11	884,425	12	1,354,497	18
2180	Accounts payable - related parties	7	6,392	-	30,985	-	7,169	-
2200	Other payables	6(13)	671,473	9	774,927	11	552,639	8
2230	Current income tax liabilities		89,151	1	61,106	1	67,282	1
2280	Current lease liabilities		11,390	-	9,992	-	6,122	-
2320	Long-term liabilities, current portion	6(14)	126,000	2	105,250	1	300,000	4
2399	Other current liabilities, others		26,112	-	16,526	-	33,344	-
21XX	Current Liabilities		<u>3,158,863</u>	<u>41</u>	<u>3,142,424</u>	<u>43</u>	<u>3,714,415</u>	<u>50</u>
Non-current liabilities								
2540	Long-term borrowings	6(14)	719,000	10	739,750	10	432,000	6
2570	Deferred income tax liabilities		375,473	5	371,089	5	341,904	5
2580	Non-current lease liabilities		11,778	-	10,978	-	4,763	-
2600	Other non-current liabilities	6(15)	22,614	-	24,741	-	19,773	-
25XX	Non-current liabilities		<u>1,128,865</u>	<u>15</u>	<u>1,146,558</u>	<u>15</u>	<u>798,440</u>	<u>11</u>
2XXX	Total Liabilities		<u>4,287,728</u>	<u>56</u>	<u>4,288,982</u>	<u>58</u>	<u>4,512,855</u>	<u>61</u>
Equity attributable to owners of parent								
Share capital								
3110	Share capital - common stock	6(17)	1,521,897	20	1,521,897	21	1,492,055	20
Capital surplus								
3200	Capital surplus	6(18)	251,695	3	243,751	3	232,800	3
Retained earnings								
3310	Legal reserve	6(19)	273,986	4	273,986	4	227,431	3
3320	Special reserve		105,878	1	105,878	2	51,901	1
3350	Unappropriated retained earnings		909,992	12	754,285	10	785,018	11
Other equity interest								
3400	Other equity interest	6(20)	62,429	1	(29,523)	(1)	(103,783)	(2)
3500	Treasury shares	6(17)	-	-	(41,977)	-	-	-
31XX	Equity attributable to owners of the parent		<u>3,125,877</u>	<u>41</u>	<u>2,828,297</u>	<u>39</u>	<u>2,685,422</u>	<u>36</u>
36XX	Non-controlling interest		242,198	3	221,465	3	187,735	3
3XXX	Total equity		<u>3,368,075</u>	<u>44</u>	<u>3,049,762</u>	<u>42</u>	<u>2,873,157</u>	<u>39</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 7,655,803</u>	<u>100</u>	<u>\$ 7,338,744</u>	<u>100</u>	<u>\$ 7,386,012</u>	<u>100</u>

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(UNAUDITED)

Items	Notes	Three-month period ended March 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(21)	\$ 1,239,522	100	\$ 1,383,698	100
5000	Operating costs	6(6)(26)(27) and 7	(827,043)	(66)	(912,295)	(66)
5900	Net operating margin		412,479	34	471,403	34
	Operating expenses	6(26)(27)				
6100	Selling expenses		(107,994)	(9)	(132,564)	(10)
6200	General and administrative expenses		(68,947)	(5)	(62,336)	(5)
6300	Research and development expenses		(74,400)	(6)	(58,726)	(4)
6450	Expected credit losses	12(2)	(7,558)	(1)	(32,383)	(2)
6000	Total operating expenses		(258,899)	(21)	(286,009)	(21)
6900	Operating profit		153,580	13	185,394	13
	Non-operating income and expenses					
7100	Interest income	6(22)	5,818	-	5,853	-
7010	Other income	6(23)	4,371	-	7,562	1
7020	Other gains and losses	6(24)	12,984	1	(4,241)	-
7050	Finance costs	6(25)	(4,837)	-	(3,807)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	34,050	3	17,948	1
7000	Total non-operating income and expenses		52,386	4	23,315	2
7900	Profit before income tax		205,966	17	208,709	15
7950	Income tax expense	6(28)	(37,043)	(3)	(42,005)	(3)
8200	Profit for the period		\$ 168,923	14	\$ 166,704	12

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(UNAUDITED)

Items	Notes	Three-month period ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316	6(3)				
		\$ 15,059	1	\$ 34,776	3
8320					
		(4,719)	-	-	-
8310					
		10,340	1	34,776	3
Components of other comprehensive income that will be reclassified to profit or loss					
8361					
		89,029	7	(12,816)	(1)
8370					
		7,721	1	-	-
8399	6(28)				
		(6,610)	(1)	2,001	-
8360					
		90,140	7	(10,815)	(1)
8300					
		\$ 100,480	8	\$ 23,961	2
8500					
		\$ 269,403	22	\$ 190,665	14
Profit attributable to:					
8610					
		\$ 156,718	13	\$ 150,804	11
8620					
		12,205	1	15,900	1
		\$ 168,923	14	\$ 166,704	12
Comprehensive income attributable to:					
8710					
		\$ 248,670	20	\$ 175,757	13
8720					
		20,733	2	14,908	1
		\$ 269,403	22	\$ 190,665	14
Basic earnings per share 6(29)					
9750					
		\$	1.03	\$	1.01
Diluted earnings per share 6(29)					
9850					
		\$	1.03	\$	1.01

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

C. SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Notes	Equity attributable to owners of the parent											Non-controlling interest	Total equity
	Retained Earnings						Other equity interest						
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on remeasurements of defined benefit plan	Treasury shares	Total			
<u>2021</u>													
Balance at January 1, 2021	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 611,356	(\$ 135,531)	\$ 29,123	\$ 530	\$ -	\$ 2,509,665	\$ 172,827	\$ 2,682,492	
Profit for the period	-	-	-	-	150,804	-	-	-	-	150,804	15,900	166,704	
Other comprehensive (loss) income for the period	6(20)	-	-	-	-	(9,823)	34,776	-	-	24,953	(992)	23,961	
Total comprehensive income (loss)		-	-	-	150,804	(9,823)	34,776	-	-	175,757	14,908	190,665	
Disposal of equity instruments at fair value through other comprehensive income	6(20)	-	-	-	22,858	-	(22,858)	-	-	-	-	-	
Balance at March 31, 2021	\$ 1,492,055	\$ 232,800	\$ 227,431	\$ 51,901	\$ 785,018	(\$ 145,354)	\$ 41,041	\$ 530	\$ -	\$ 2,685,422	\$ 187,735	\$ 2,873,157	
<u>2022</u>													
Balance at January 1, 2022	\$ 1,521,897	\$ 243,751	\$ 273,986	\$ 105,878	\$ 754,285	(\$ 132,689)	\$ 102,636	\$ 530	(\$ 41,977)	\$ 2,828,297	\$ 221,465	\$ 3,049,762	
Profit for the period	-	-	-	-	156,718	-	-	-	-	156,718	12,205	168,923	
Other comprehensive income for the period	6(20)	-	-	-	-	81,612	10,340	-	-	91,952	8,528	100,480	
Total comprehensive income		-	-	-	156,718	81,612	10,340	-	-	248,670	20,733	269,403	
Changes in equity of associates accounted for using equity method	6(18)	-	7,944	-	(504)	-	-	-	-	7,440	-	7,440	
Treasury stock transferred to employees	6(17)	-	-	-	(507)	-	-	-	41,977	41,470	-	41,470	
Balance at March 31, 2022	\$ 1,521,897	\$ 251,695	\$ 273,986	\$ 105,878	\$ 909,992	(\$ 51,077)	\$ 112,976	\$ 530	\$ -	\$ 3,125,877	\$ 242,198	\$ 3,368,075	

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

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 205,966	\$ 208,709
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(26)	18,106	22,318
Amortization	6(26)	1,415	1,321
Expected credit impairment loss	12(2)	7,558	32,383
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(24)	(8,182)	2,718
Interest expense	6(25)	4,837	3,807
Interest income	6(22)	(5,818)	(5,853)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(34,050)	(17,948)
Loss on disposal of property, plant and equipment, net	6(24)	(252)	526
Gains on disposals of investments	6(24)	(257)	(1,400)
Impairment loss from non – financial assets		331	328
Changes in operating assets and liabilities			
Changes in operating assets			
Proceeds from disposal of financial assets at fair value through profit or loss		726	45,586
Notes receivable		(6,526)	(8,558)
Accounts receivable		(5,039)	38,911
Accounts receivable-related parties		436	-
Other receivables		275	(19,935)
Inventories		40,848	(340,937)
Prepayments		(13,358)	(19,135)
Other current assets		220	(1,717)
Changes in operating liabilities			
Contract liabilities		(996)	87,095
Notes payable		2,007	(471)
Accounts payable		(59,211)	277,941
Accounts payable-related parties		(27,238)	-
Other payables		(116,052)	(62,224)
Other current liabilities		9,334	7,375
Accrued pension liabilities		(2,207)	(2,206)
Cash inflow generated from operations		12,873	248,634
Interest paid		(3,150)	(2,740)
Income tax paid		(6,066)	(16,302)
Net cash flows from operating activities		<u>3,657</u>	<u>229,592</u>

(Continued)

C SUN MFG. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 2,498)	(\$ 11,172)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	1,472
Acquisition of financial assets at amortised cost		(138,925)	-
Increase in investment accounted for under the equity method		(10,766)	-
Acquisition of property, plant and equipment	6(30)	(46,065)	(7,641)
Proceeds from disposal of property, plant and equipment		961	123
Acquisition of intangible assets		(380)	(258)
Refundable deposits paid		(1,690)	(2,035)
Increase in other financial assets		(2,242)	(86,840)
Increase in other non-current assets		-	(104)
Interest received		5,750	5,928
Net cash flows used in investing activities		(195,855)	(100,527)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short-term borrowings	6(31)	1,473,348	807,770
Repayment of short-term borrowings	6(31)	(1,356,480)	(703,764)
Increase in guarantee deposits received		-	75
Repayment of principal portion of lease liabilities	6(31)	(2,972)	(6,200)
Treasury stock transferred to employees	6(17)	41,470	-
Net cash flows from financing activities		155,366	97,881
Effect of exchange rate		32,915	(6,875)
Net (decrease) increase in cash and cash equivalents		(3,917)	220,071
Cash and cash equivalents at beginning of period	6(1)	1,060,848	1,621,979
Cash and cash equivalents at end of period	6(1)	\$ 1,056,931	\$ 1,842,050

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

C SUN MFG. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Unaudited)

1. HISTORY AND ORGANIZATION

C SUN MFG. LTD. (the “Company”) was incorporated in April, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in electron, semiconductors, liquid crystal displays (LCD), printed circuit boards, textiles, plastics, rubber, printing, chemical industry, aerospace and other industrial box ovens, tunnel ovens, UV drying equipment, UV exposure equipment, automatic equipment, plasma generator (PRS series), automatic system integration technology, research, development, related parts manufacturing, maintenance, sales, import and export business of the previous products.

In September, 2001, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRSs 2018- 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to 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 financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are 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 and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) 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.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2021 consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership(%)</u>			<u>Note</u>
			<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
C SUN MFG. LTD.	C Sun (B.V.I.) Ltd.	Holding company	100%	100%	100%	Note 3
C SUN MFG. LTD.	K Sun (Samoa) Ltd.	Holding company	100%	100%	100%	Note 3
C SUN MFG. LTD.	Wat Sun. Intelligent Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C SUN MFG. LTD.	Abcon Technology Inc.	Manufacturing and Selling	-	-	66.67%	Notes 1 & 3
C Sun (B.V.I.) Ltd.	Csun Technology (Guangzhou) Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
C Sun (B.V.I.) Ltd.	Alpha Joint Ltd.	Holding company	100%	100%	100%	Note 3
C Sun (B.V.I.) Ltd.	Power Ever Enterprises Limited	Holding company	77.47%	77.47%	77.47%	Note 3
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Holding company	100%	100%	100%	Note 3
Good Team International Enterprises Limited	Suzhou Top Creation Machines Co., Ltd.	Manufacturing and Selling	100%	100%	100%	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines CO., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership(%)			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Csun Technology (Guangzhou) Co., Ltd.	Guangzhou Y SUN Machinery Tech. Co., Ltd.	Manufacturing and Selling	-	100%	100%	Notes 2 & 3
Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chunag Gao Xin Materials Technology Co., Ltd.	Manufacturing and Selling	100%	100%	100%	Note 3

Note 1: Abcon Technology Inc. completed the liquidation on November 22, 2021.

Note 2: Guangzhou Y Sun Machinery Tech. Co., Ltd. completed the cancellation of registration on January, 2022.

Note 3: As these subsidiaries did not meet the definition of significant subsidiaries, the financial statements as of March 31, 2022 and 2021 were not reviewed by independent auditors.

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

Pensions - 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, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income tax

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of March 31, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 3,055	\$ 3,044	\$ 3,113
Checking accounts and demand deposits	1,042,913	1,052,501	1,669,168
Time deposits	10,963	5,303	169,769
Total	<u>\$ 1,056,931</u>	<u>\$ 1,060,848</u>	<u>\$ 1,842,050</u>

- A. The Group transacts 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. Information about cash and cash equivalents that were pledged to others as collateral and classified as other current assets is provided in Note 8.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 81,422	\$ 80,569	\$ 81,341
Derivatives	2,075	-	-
	<u>83,497</u>	<u>80,569</u>	<u>81,341</u>
Valuation adjustment	10,529	6,439	2,681
	<u>\$ 94,026</u>	<u>\$ 87,008</u>	<u>\$ 84,022</u>

- A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 3,950	\$ 864
Derivative instruments	2,075	-
	<u>\$ 6,025</u>	<u>\$ 864</u>

- B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below: (There were no such transactions on December 31, 2021 and March 31, 2021)

	<u>March 31, 2022</u>		
Derivative financial instruments	Contract amount (notional principal) (in thousands)	Contract period	
Current items:			
Forward foreign exchange contracts	USD 4,500	2022/1-2022/6	
	CNY 9,000	2022/3-2022/5	
	JYP 520,000	2022/1-2022/5	

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Equity instruments			
Listed stocks	\$ 294,254	\$ 291,756	\$ 106
Valuation adjustment	49,105	24,460	34
	\$ 343,359	\$ 316,216	\$ 140
Non-current items:			
Equity instruments			
Emerging stocks	\$ 25,634	\$ 25,634	\$ 27,228
Unlisted stocks	58,209	57,673	70,015
	83,843	83,307	97,243
Valuation adjustment	28,730	38,525	17,943
	\$ 112,573	\$ 121,832	\$ 115,186

A. The Group has elected to classify equity instruments 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 \$455,932, \$438,048 and \$115,326 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 15,059	\$ 34,776
Cumulative losses reclassified to retained earnings due to derecognition	\$ -	(\$ 22,858)

C. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, 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 \$455,932, \$438,048 and \$115,326, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items :			
Time deposits over three months	\$ 403,667	\$ 252,134	\$ -
Segregated deposit account for repatriated offshore funds	18,908	18,224	-
	\$ 422,575	\$ 270,358	\$ -

A. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, 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 \$422,575, \$270,358 and \$0, respectively.

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Groups expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 136,249	\$ 125,519	\$ 43,794
Less: Allowance for uncollectible accounts	(186)	(37)	(25)
	\$ 136,063	\$ 125,482	\$ 43,769
Accounts receivable	\$ 2,254,603	\$ 2,181,882	\$ 2,133,226
Accounts receivable-related parties	-	436	-
Less: Allowance for uncollectible accounts	(254,466)	(220,726)	(259,481)
	\$ 2,000,137	\$ 1,961,592	\$ 1,873,745
Overdue receivable (shown as other non-current assets)	\$ 32,052	\$ 56,110	\$ 67,396
Less: Allowance for uncollectible accounts	(32,052)	(56,110)	(67,396)
	\$ -	\$ -	\$ -

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired 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 to 60 days	\$ 2,112,907	\$ 136,237	\$ 2,036,639	\$ 125,505
61 to 120 days	22,268	12	18,310	14
121 to 180 days	25,211	-	507	-
Over 180 days	94,217	-	126,862	-
	<u>\$ 2,254,603</u>	<u>\$ 136,249</u>	<u>\$ 2,182,318</u>	<u>\$ 125,519</u>
			<u>March 31, 2021</u>	
			<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due to 60 days			\$ 2,003,152	\$ 43,794
61 to 120 days			52,541	-
121 to 180 days			8,357	-
Over 180 days			69,176	-
			<u>\$ 2,133,226</u>	<u>\$ 43,794</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2022, December 31, 2021 and March 31, 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$2,205,448.
- C. The Group has no notes and accounts receivable pledged to others as collateral.
- D. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$136,063, \$125,482 and \$43,769; \$2,000,137, \$1,961,592 and \$1,873,745, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 352,821	(\$ 114,810)	\$ 238,011
Work in progress	670,597	(95,513)	575,084
Finished goods	429,328	(107,003)	322,325
Total	<u>\$ 1,452,746</u>	<u>(\$ 317,326)</u>	<u>\$ 1,135,420</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 311,420	(\$ 111,083)	\$ 200,337
Work in progress	664,564	(80,463)	584,101
Finished goods	469,385	(102,067)	367,318
Total	<u>\$ 1,445,369</u>	<u>(\$ 293,613)</u>	<u>\$ 1,151,756</u>

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 325,224	(\$ 129,068)	\$ 196,156
Work in progress	704,766	(98,966)	605,800
Finished goods	575,255	(84,649)	490,606
Total	<u>\$ 1,605,245</u>	<u>(\$ 312,683)</u>	<u>\$ 1,292,562</u>

The cost of inventories recognised as expense for the period:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Cost of goods sold and others	\$ 803,330	\$ 921,520
Loss on decline (Gain on reversal of decline) in market value	23,713	(9,225)
Total	<u>\$ 827,043</u>	<u>\$ 912,295</u>

The Group reversed a previous inventory write-down and accounted for as reduction of cost of goods sold because of sold inventory for the three-month period ended March 31, 2021.

(7) Investments accounted for using equity method

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates:			
Gallant Precision Machining Co., Ltd.	\$ 952,308	\$ 901,999	\$ 754,609
Gallant Micro. Machining Co., Ltd.	98,286	92,375	86,814
Alpha-Cure Asia Co., Ltd.	73,178	71,837	72,747
Viewmove Technologies, Inc.	41,223	40,661	38,663
	<u>\$ 1,164,995</u>	<u>\$ 1,106,872</u>	<u>\$ 952,833</u>

Associates

A. The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		March 31, 2022	December 31, 2021	March 31, 2021		
Gallant Precision Machining Co., Ltd.	Taiwan	27.33%	27.12%	23.94%	Business strategy	Equity method
Gallant Micro. Machining Co., Ltd.	Taiwan	22.96% (Note1)	22.84% (Note1)	20.10% (Note1)	Business strategy	Equity method
Alpha-Cure Asia Co., Ltd.	China	25%	25%	25%	Business strategy	Equity method
Viewmove Technologies, Inc.	Taiwan	20.73%	20.70% (Note2)	20.70% (Note2)	Business strategy	Equity method

Note 1: It refers to the comprehensive shareholding ratio including shares of investees directly held by the Group and indirectly held through the associate.

Note 2: The shares of Viewmove Technologies, Inc. held by the Group were transferred from financial assets measured at fair value through other comprehensive income to investments accounted for using equity method as the Group cumulatively increased its shareholdings in Viewmove Technologies, Inc. on February 1, 2021, and the Group obtained the significant influence over it.

B. The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Gallant Precision Machining Co., Ltd.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 4,713,730	\$ 4,686,670	\$ 5,047,247
Non-current assets	2,166,416	2,109,741	1,531,864
Current liabilities	(3,028,790)	(3,093,171)	(3,357,161)
Non-current liabilities	(780,682)	(794,921)	(522,125)
Total net assets	<u>\$ 3,070,674</u>	<u>\$ 2,908,319</u>	<u>\$ 2,699,825</u>
Share in associate's net assets	\$ 697,720	\$ 652,861	\$ 566,597
Goodwill	<u>254,588</u>	<u>249,138</u>	<u>188,012</u>
Carrying amount of the associate	<u>\$ 952,308</u>	<u>\$ 901,999</u>	<u>\$ 754,609</u>

	Gallant Micro. Machining Co., Ltd.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,788,568	\$ 1,778,250	\$ 1,485,062
Non-current assets	675,429	696,990	656,614
Current liabilities	(1,103,970)	(1,201,805)	(966,720)
Non-current liabilities	(261,859)	(267,466)	(268,982)
Total net assets	<u>\$ 1,098,168</u>	<u>\$ 1,005,969</u>	<u>\$ 905,974</u>
Share in associate's net assets	\$ 72,325	\$ 66,414	\$ 60,853
Goodwill	<u>25,961</u>	<u>25,961</u>	<u>25,961</u>
Carrying amount of the associate	<u>\$ 98,286</u>	<u>\$ 92,375</u>	<u>\$ 86,814</u>

Statement of comprehensive income

	Gallant Precision Machining Co., Ltd.	
	For the three-month period ended	For the three-month period ended
	March 31, 2022	March 31, 2021
Revenue	<u>\$ 1,094,735</u>	<u>\$ 1,065,313</u>
Profit for the period from continuing operations	\$ 145,535	\$ 67,051
Other comprehensive income, net of tax	<u>16,820</u>	<u>20,608</u>
Total comprehensive income	<u>\$ 162,355</u>	<u>\$ 87,659</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	Gallant Micro. Machining Co., Ltd.	
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue	\$ 394,270	\$ 249,283
Profit for the period from continuing operations	\$ 79,349	\$ 6,482
Other comprehensive income, net of tax	12,852	4,388
Total comprehensive income	\$ 92,201	\$ 10,870
Dividends received from associates	\$ -	\$ -

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$114,401, \$112,498 and \$111,410, respectively.

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Profit or loss for the period from continuing operations	\$ 8,384	\$ 2,040
Other comprehensive income, net of tax	-	-
Total comprehensive income	\$ 8,384	\$ 2,040
Dividends received from associates	\$ -	\$ -

D. The Group's material associate Gallant Precision Machining Co., Ltd. has quoted market prices. As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair value were \$1,411,154, \$1,500,429 and \$1,765,364, respectively.

E. The Group's material associate Gallant Micro. Machining Co., Ltd. has quoted market prices. As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair value were \$173,952, \$193,884 and \$137,531, respectively.

F. The Group is the single largest shareholder of Gallant Precision Machining Co., Ltd. with a 27.33% equity interest. Given that the key management of the Company and Gallant Precision Machining Co., Ltd. is not the same, which indicates that the Group has no current ability to direct the relevant activities of Gallant Precision Machining Co., Ltd., the Group has no control, but only has significant influence, over the investee.

G. The gain on investments accounted for under equity method amounted to \$34,050 and \$17,948 for the three-month periods ended March 31, 2022 and 2021, respectively.

(8) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 247,088	\$ 668,290	\$ 118,550	\$ 114,370	\$ 34,042	\$ 179,104	\$ 12,616	\$ 1,374,060
Accumulated depreciation and impairment	-	(238,227)	(101,153)	(87,556)	(23,115)	(145,798)	-	(595,849)
	<u>\$ 247,088</u>	<u>\$ 430,063</u>	<u>\$ 17,397</u>	<u>\$ 26,814</u>	<u>\$ 10,927</u>	<u>\$ 33,306</u>	<u>\$ 12,616</u>	<u>\$ 778,211</u>
Opening net book amount as at January 1	\$ 247,088	\$ 430,063	\$ 17,397	\$ 26,814	\$ 10,927	\$ 33,306	\$ 12,616	\$ 778,211
Additions	22,943	13,270	697	2,501	2,460	3,223	1,083	46,177
Disposals	-	-	-	(8)	(700)	(1)	-	(709)
Reclassifications (Note)	-	816	9	3,767	-	(9)	(7,623)	(3,040)
Depreciation charge	-	(5,958)	(1,347)	(3,318)	(851)	(3,431)	-	(14,905)
Net exchange differences	-	5,715	639	389	375	1,148	-	8,266
Closing net book amount as at March 31	<u>\$ 270,031</u>	<u>\$ 443,906</u>	<u>\$ 17,395</u>	<u>\$ 30,145</u>	<u>\$ 12,211</u>	<u>\$ 34,236</u>	<u>\$ 6,076</u>	<u>\$ 814,000</u>
At March 31								
Cost	\$ 270,031	\$ 692,015	\$ 122,980	\$ 122,512	\$ 36,649	\$ 188,233	\$ 6,076	\$ 1,438,496
Accumulated depreciation and impairment	-	(248,109)	(105,585)	(92,367)	(24,438)	(153,997)	-	(624,496)
	<u>\$ 270,031</u>	<u>\$ 443,906</u>	<u>\$ 17,395</u>	<u>\$ 30,145</u>	<u>\$ 12,211</u>	<u>\$ 34,236</u>	<u>\$ 6,076</u>	<u>\$ 814,000</u>

Note : It refers to construction in progress and prepayment for equipment transferred to buildings and structures amounting to \$816, office equipment amounting to \$3,767, intangible assets amounting to \$3,040.

2021

	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress and prepayment for equipment	Total
At January 1								
Cost	\$ 174,128	\$ 642,066	\$ 122,697	\$ 108,383	\$ 30,521	\$ 177,480	\$ 3,388	\$ 1,258,663
Accumulated depreciation and impairment	-	(215,894)	(99,839)	(78,506)	(25,892)	(129,313)	-	(549,444)
	<u>\$ 174,128</u>	<u>\$ 426,172</u>	<u>\$ 22,858</u>	<u>\$ 29,877</u>	<u>\$ 4,629</u>	<u>\$ 48,167</u>	<u>\$ 3,388</u>	<u>\$ 709,219</u>
Opening net book amount as at January 1	\$ 174,128	\$ 426,172	\$ 22,858	\$ 29,877	\$ 4,629	\$ 48,167	\$ 3,388	\$ 709,219
Additions	-	138	365	2,061	2,205	962	1,637	7,368
Disposals	-	-	(405)	(242)	(2)	-	-	(649)
Reclassifications(Note)	-	-	-	280	-	-	(896)	(616)
Depreciation charge	-	(5,579)	(1,656)	(3,219)	(511)	(5,032)	-	(15,997)
Net exchange differences	-	(824)	(100)	(47)	(20)	(164)	-	(1,155)
Closing net book amount as at March 31	<u>\$ 174,128</u>	<u>\$ 419,907</u>	<u>\$ 21,062</u>	<u>\$ 28,710</u>	<u>\$ 6,301</u>	<u>\$ 43,933</u>	<u>\$ 4,129</u>	<u>\$ 698,170</u>
At March 31								
Cost	\$ 174,128	\$ 640,869	\$ 118,659	\$ 107,985	\$ 32,588	\$ 177,556	\$ 4,129	\$ 1,255,914
Accumulated depreciation and impairment	-	(220,962)	(97,597)	(79,275)	(26,287)	(133,623)	-	(557,744)
	<u>\$ 174,128</u>	<u>\$ 419,907</u>	<u>\$ 21,062</u>	<u>\$ 28,710</u>	<u>\$ 6,301</u>	<u>\$ 43,933</u>	<u>\$ 4,129</u>	<u>\$ 698,170</u>

Note : It refers to construction in progress and prepayment for equipment transferred to office equipment amounting to \$280, and intangible assets amounting to \$616.

- A. There were no borrowing costs capitalized as part of property, plant and equipment for the three-month periods ended March 31, 2022 and 2021, respectively.
- B. The Group's buildings and structures include buildings and improvements, decoration works and hydroelectric engineering which are depreciated over 56 years, 2 to 51 years and 5 to 8 years, respectively.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, photocopiers, business vehicles. Land contract is typically made for periods of 26 to 50 years and other rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise certain photocopiers and business vehicles, which were excluded from the right-of-use assets.
- C. The carrying amount of 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	\$ 49,740	\$ 48,325	\$ 49,387
Buildings	773	927	2,316
Transportation equipment (Business vehicles)	22,237	19,850	8,033
Office equipment (Photocopiers)	48	116	325
	<u>\$ 72,798</u>	<u>\$ 69,218</u>	<u>\$ 60,061</u>

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 377	\$ 375
Buildings	147	4,584
Transportation equipment (Business vehicles)	2,606	1,153
Office equipment (Photocopiers)	71	209
	<u>\$ 3,201</u>	<u>\$ 6,321</u>

- D. For the three-month periods ended March 31, 2022 and 2021, the additions to right-of-use assets were \$4,979 and \$2,063, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 75	\$ 63
Expense on short-term lease contracts	2,415	194
Expense on leases of low-value assets	76	12

F. For the three-month periods ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$5,538 and \$6,469, respectively.

(10) Leasing arrangements – lessor

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 6 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the three-month periods ended March 31, 2022 and 2021, the Group recognised rent income in the amounts of \$3,124 and \$3,137, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>
2022	\$ 9,247	2022	\$ 12,124	2021	\$ 8,939
2023	8,490	2023	8,363	2022	12,221
2024	8,141	2024	8,019	2023	8,430
2025	8,141	2025	8,019	2024	8,083
After 2026	<u>33,684</u>	After 2026	<u>33,177</u>	2025	8,083
Total	<u>\$ 67,703</u>	Total	<u>\$ 69,702</u>	After 2026	<u>33,442</u>
				Total	<u>\$ 79,198</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 811,849</u>	0.79%~1.05%	None
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 694,981</u>	0.76%~0.95%	None
<u>Type of borrowings</u>	<u>March 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 674,606</u>	0.62%~0.95%	None

(12) Financial liabilities at fair value through profit or loss

<u>Items</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Financial liabilities held for trading			
Derivative instruments	\$ 1,671	\$ 3,399	\$ 4,894

A. Amounts recognised in profit or loss in relation to financial liabilities at fair value through profit or loss are as follows:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Net gains (losses) recognised in profit		
Financial liabilities held for trading		
Derivative instruments	\$ 2,454	(\$ 3,582)

B. Explanations of the transactions and contract information in respect of derivative financial liabilities that the Group does not adopt hedge accounting are as follows:

<u>Derivative financial liabilities</u>	<u>March 31, 2022</u>			<u>December 31, 2021</u>		
	Contract amount (principal) (in thousands)	Contract period		Contract amount (principal) (in thousands)	Contract period	
Current items:						
Foreign exchange swap contracts	USD 5,600	2022/3-2022/4		USD 11,800	2021/11-2022/3	
				CNY 34,300	2021/11-2022/2	
				JPY 620,000	2021/11-2022/3	
				NTD 27,828	2021/12-2022/3	
					<u>March 31, 2021</u>	
				Contract amount (principal) (in thousands)	Contract period	
Current items:						
Foreign exchange swap contracts				USD 13,400	2021/2-2021/6	
				USD 1,000	2021/3-2021/6	
				CNY 10,000	2021/3-2021/6	

Foreign exchange swap contracts

The Group entered into foreign exchange swap contracts to hedge exchange rate risk of assets and liabilities denominated in foreign currencies whose values would be affected by the exchange rate fluctuations. However, these foreign exchange contracts are not accounted for under hedge accounting.

(13) Other payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Salary and bonus payable	\$ 272,617	\$ 375,394	\$ 194,834
Employees' compensation and directors' remuneration payable	31,002	25,200	23,237
Pension payable	24,294	25,378	23,918
Accrued annual leave	20,655	22,756	22,541
Payable on machinery and equipment	209	97	231
Others	322,696	326,102	287,878
	<u>\$ 671,473</u>	<u>\$ 774,927</u>	<u>\$ 552,639</u>

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	108,000
				<u>845,000</u>
Less: Long-term liabilities, current portion				<u>(126,000)</u>
				<u>\$ 719,000</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 27, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from August 20, 2021 to January 28, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	100,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	180,000
Secured borrowings	Borrowing period is from June 9, 2020 to June 8, 2023; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	Land and structures	33,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest is repayable quarterly; principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	108,000
				845,000
Less: Long-term liabilities, current portion				(105,250)
				<u>\$ 739,750</u>

Interest rate range: 0.52%~0.88%

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from July 29, 2019 to July 28, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	\$ 100,000
Unsecured borrowings	Borrowing period is from November 18, 2019 to May 18, 2021; interest is repayable monthly; principal is repayable in full at maturity.	Fixed	None	200,000
Secured borrowings	Borrowing period is from February 20, 2020 to February 20, 2025; interest in repayable quarterly, principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	300,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest in repayable quarterly, principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	24,000
Secured borrowings	Borrowing period is from July 1, 2020 to February 20, 2025; interest in repayable quarterly, principal is repayable quarterly in 12 instalments from the next day after 24 months. The monthly payment shall be calculated by using annuity method and the principal and interest shall be paid based on the schedule.	Fixed	Note	108,000
				<u>732,000</u>
Less: Long-term liabilities,current portion				(<u>300,000</u>)
				<u>\$ 432,000</u>

Interest rate range: 0.54%~0.96%

In order to repay the existing bank loans and replenish the medium-term working capital, the Company appointed Taipei Fubon Commercial Bank Co., Ltd. to provide a loan amounting to \$500 million with a credit term of five years from the date of first drawdown. The Company has pledged the property (please refer to Note 8 for details) to the management bank as collateral.

According to the abovementioned loan agreement, the Company agreed to provide the consolidated financial statements audited by CPA annually and maintain the following financial ratios and agreements before the full settlement of the debts during the duration of agreement:

A. Current ratio: Current assets against current liabilities shall be at least 120%.

B. Debt ratio: Debt against net tangible assets shall be no more than 200%.

C. Interest coverage ratio: The net profit before tax plus interest expense plus depreciation expense and amortisation expense divided by interest expense shall be at least three times.

D. Net tangible assets: the net asset value less intangible shall be no less than \$2 billion.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the consolidated financial statements of the Group met the requirements of the financial ratio limits.

(15) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards Act. 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of \$178 and \$178 for the three-month periods ended March 31, 2022 and 2021, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$9,537.

B. (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 and its domestic subsidiaries 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) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 10%~20%, respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2022 and 2021, were \$3,584 and \$3,283, respectively.

(16) Share-based payment (there was no such transaction on December 31, 2021 and March 31, 2021)

A. For the three-month period ended March 31, 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury stock transferred to employees	March 11, 2022	715 thousand shares	-	Vested immediately

B. The weighted-average stock price of stock options at exercise dates as of March 11, 2022 was \$49.3 per share. The exercise prices of stock options was \$58 per share. There were no expenses incurred on share-based payment transactions for the three-month period ended March 31, 2022.

(17) Share capital

A. As of March 31, 2022, the Company's authorised capital was \$2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was \$1,521,897 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 (thousand shares) outstanding are as follows:

	2022	2021
At January 1	151,475	149,206
Treasury Stock Sold to Employees	715	-
At March 31	152,190	149,206

B. On May 25, 2021, the Board of Directors has resolved the Company to repurchase treasury shares of 1,000 thousand shares. Aforementioned shares will be reissued to employees. As of March 31, 2022, the accumulated number of shares which are repurchased by the Company is 715 thousand shares. The treasury shares were reissued to employees for the three-month period ended March 31, 2022.

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows: (there was no such transaction as of March 31, 2021)

		March 31, 2022	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Book value
The Company	To be reissued to employees	-	\$ -
		December 31, 2021	
Name of company holding the shares	Reason for reacquisition	No. of shares (in thousands)	Book value
The Company	To be reissued to employees	715	\$ 41,977

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

The details of capital surplus are as follows:

	2022						
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates
January 1, 2022	\$ 85,584	\$ 133,672	\$ 11,761	\$ 1,776	\$ 10,951	\$ 7	\$ 243,751
Recognition of change in equity of associates in portion to the Group's ownership	-	-	-	-	7,944	-	7,944
March 31, 2022	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ 18,895</u>	<u>\$ 7</u>	<u>\$ 251,695</u>
	2021						
	Share premium	Consolidation premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interest in subsidiaries	Capital surplus, changes in equity of investment	Employee restricted shares	Net change in equity of associates
At January 1, 2021/ March 31, 2021	<u>\$ 85,584</u>	<u>\$ 133,672</u>	<u>\$ 11,761</u>	<u>\$ 1,776</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 232,800</u>

(19) 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. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. 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.
- C. (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 amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The appropriation of 2021 earnings had been resolved at the Board of Directors' meeting on March 2, 2022 and the appropriation of 2020 earnings had been resolved at the stockholders' meeting on July 8, 2021, respectively. Details are summarized below:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in NT dollars)</u>	<u>Amount</u>	<u>Dividends per share (in NT dollars)</u>
Legal reserve	\$ 64,632		\$ 46,555	
Special reserve	(53,977)		53,977	
Cash dividends	456,569	\$ 3.01416	373,014	\$ 2.5
Stock dividends	45,657	0.401416	29,842	0.2
	<u>\$ 512,881</u>		<u>\$ 503,388</u>	

As of April 28, 2022, the aforementioned distribution of 2021 earnings has not yet been resolved by the shareholders.

(20) Other equity items

	<u>2022</u>			
	<u>Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 102,636	(\$ 132,689)	\$ 530	(\$ 29,523)
Valuation adjustment	10,340	-	-	10,340
Currency translation differences:				
-Group	-	73,891	-	73,891
-Associate	-	7,721	-	7,721
At March 31	<u>\$ 112,976</u>	<u>(\$ 51,077)</u>	<u>\$ 530</u>	<u>\$ 62,429</u>

	2021			
	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Other	Total
At January 1	\$ 29,123	(\$ 135,531)	\$ 530	(\$ 105,878)
Valuation adjustment	34,776	-	-	34,776
Disposal transferred out from retained earnings	(22,858)	-	-	(22,858)
Currency translation differences:				
-Group	-	(9,823)	-	(9,823)
At March 31	<u>\$ 41,041</u>	<u>(\$ 145,354)</u>	<u>\$ 530</u>	<u>(\$ 103,783)</u>

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended	C SUN MFG. LTD.			Csun Technology (Guangzhou) Co., Ltd.		Suzhou Top Creation Machines Co., Ltd.			Other			Total
	Taiwan	China	Other	China	Other	Taiwan	China	Other	Taiwan	China	Other	
March 31, 2022												
Timing of revenue recognition												
At a point in time	\$ 294,876	\$ 237,797	\$ 17,961	\$ 242,362	\$ 2,874	\$ -	\$ 350,719	\$ 28,862	\$ 36,275	\$ 2,349	\$ 208	\$ 1,214,283
Over time	25,239	-	-	-	-	-	-	-	-	-	-	25,239
Total	<u>\$ 320,115</u>	<u>\$ 237,797</u>	<u>\$ 17,961</u>	<u>\$ 242,362</u>	<u>\$ 2,874</u>	<u>\$ -</u>	<u>\$ 350,719</u>	<u>\$ 28,862</u>	<u>\$ 36,275</u>	<u>\$ 2,349</u>	<u>\$ 208</u>	<u>\$ 1,239,522</u>
March 31, 2021												
Timing of revenue recognition												
At a point in time	\$ 187,674	\$ 583,852	\$ 39,955	\$ 153,431	\$ 3,190	\$ 20,715	\$ 192,528	\$ 736	\$ 176,173	\$ 6,574	\$ 34	\$ 1,364,862
Over time	18,836	-	-	-	-	-	-	-	-	-	-	18,836
Total	<u>\$ 206,510</u>	<u>\$ 583,852</u>	<u>\$ 39,955</u>	<u>\$ 153,431</u>	<u>\$ 3,190</u>	<u>\$ 20,715</u>	<u>\$ 192,528</u>	<u>\$ 736</u>	<u>\$ 176,173</u>	<u>\$ 6,574</u>	<u>\$ 34</u>	<u>\$ 1,383,698</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities	\$ 533,070	\$ 520,329	\$ 647,101	\$ 560,006

Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 240,330	\$ 218,803

(22) Interest income

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Interest income from bank deposits	\$ 5,818	\$ 5,853

(23) Other income

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Rent income	\$ 3,124	\$ 3,137
Other income	1,247	4,425
	<u>\$ 4,371</u>	<u>\$ 7,562</u>

(24) Other gains and losses

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Gains (losses) on disposal of property, plant and equipment	\$ 252	(\$ 526)
Gains on disposal of investments	257	1,400
Net currency exchange gains (losses)	5,235	(1,230)
Net gains (losses) on financial assets (liabilities) at fair value through profit	8,182	(2,718)
Other losses	(942)	(1,167)
	<u>\$ 12,984</u>	<u>(\$ 4,241)</u>

(25) Finance costs

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Interest expense	\$ 4,762	\$ 3,744
Lease liabilities	75	63
	<u>\$ 4,837</u>	<u>\$ 3,807</u>

(26) Expenses by nature

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Employee benefit expenses	\$ 188,768	\$ 196,237
Depreciation charges on property, plant and equipment, and right-of-use assets	\$ 18,106	\$ 22,318
Amortisation charges	\$ 1,415	\$ 1,321

(27) Employee benefit expenses

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Wages and salaries	\$ 162,468	\$ 174,994
Labour and health insurance fees	14,954	11,474
Pension costs	3,762	3,461
Other personnel expenses	7,584	6,308
	<u>\$ 188,768</u>	<u>\$ 196,237</u>

A. The current year's earnings, if any, shall be distributed a ratio of 1%~9% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. Qualification requirements of employees include the employees of subsidiaries of the company meeting certain specific requirements. The Company shall distribute directors' remuneration no more than 2.25% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders' meeting.

If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.

B. For the three-month periods ended March 31, 2022 and 2021, employees' compensation was accrued at \$1,785 and \$1,809, respectively; while directors' remuneration was accrued at \$4,017 and \$4,069, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 2.25% of distributable profit of current period for the three-month period ended March 31, 2022.

Employees' compensation and directors' and supervisors' remuneration of 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Current tax:		
Current tax on profits for the period	\$ 33,561	\$ 40,501
Prior year income tax overestimation	(295)	(3,318)
Total current tax	<u>33,266</u>	<u>37,183</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>3,777</u>	<u>4,822</u>
Income tax expense	<u>\$ 37,043</u>	<u>\$ 42,005</u>

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Currency translation differences	<u>\$ 6,610</u>	<u>(\$ 2,001)</u>

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(29) Earnings per share

	<u>For the three-month period ended March 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 156,718</u>	151,634	<u>\$ 1.03</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>142</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 156,718</u>	<u>151,776</u>	<u>\$ 1.03</u>
	<u>For the three-month period ended March 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 150,804</u>	149,206	<u>\$ 1.01</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>112</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 150,804</u>	<u>149,318</u>	<u>\$ 1.01</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments :

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Purchase of property, plant and equipment	\$ 46,177	\$ 7,368
Add: Opening balance of payable on equipment	97	504
Less: Ending balance of payable on equipment	(209)	(231)
Cash paid during the period	<u>\$ 46,065</u>	<u>\$ 7,641</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2022	\$ 694,981	\$ 845,000	\$ 2,142	\$ 20,970	\$ 1,563,093
Changes in cash flow from financing activities	116,868	-	-	(2,972)	113,896
Interest expense	-	-	-	75	75
Paid interest	-	-	-	(75)	(75)
Impact of changes in foreign exchange rate	-	-	80	191	271
Changes in other non-cash items	-	-	-	4,979	4,979
March 31, 2022	<u>\$ 811,849</u>	<u>\$ 845,000</u>	<u>\$ 2,222</u>	<u>\$ 23,168</u>	<u>\$ 1,682,239</u>

	Short-term borrowings	Long-term borrowings (Note 1)	Guarantee deposits received	Lease liabilities (Note 2)	Total
January 1, 2021	\$ 570,600	\$ 732,000	\$ 2,065	\$ 14,902	\$ 1,319,567
Changes in cash flow from financing activities	104,006	-	75	(6,200)	97,881
Interest expense	-	-	-	63	63
Paid interest	-	-	-	(63)	(63)
Impact of changes in foreign exchange rate	-	-	-	120	120
Changes in other non-cash items	-	-	-	2,063	2,063
March 31, 2021	<u>\$ 674,606</u>	<u>\$ 732,000</u>	<u>\$ 2,140</u>	<u>\$ 10,885</u>	<u>\$ 1,419,631</u>

Note 1: Including long-term borrowings - current portion.

Note 2: Including lease liability - current portion.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Alpha-Cure Asia Co.,Ltd.	Associate
Gallant Precision Machining Co., Ltd.	Associate
Gallant Micro. Machining Co., Ltd.	Associate
Viewmove Technologies,Inc.	Associate

(2) Significant related party transactions

A. Purchases:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Purchases of goods:		
Associates	\$ <u>24,963</u>	\$ <u>2,025</u>

The prices and conditions for the purchase of goods is based on agreement and there is no other comparable counterparty. The credit terms would be available to third parties.

B. Receivables from related parties:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable:			
Associates	\$ <u>-</u>	\$ <u>436</u>	\$ <u>-</u>

C. Payables to related parties:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable:			
Associates	\$ <u>6,392</u>	\$ <u>30,985</u>	\$ <u>7,169</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

(3) Key management compensation

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Salaries and other short-term employee benefits	\$ 8,720	\$ 9,771
Post-employment benefits	99	95
	<u>\$ 8,819</u>	<u>\$ 9,866</u>

8. PLEGDED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
Bank deposit (shown as other current assets)	\$ -	\$ -	\$ 941	Performance bond and customs duty guarantee
Property, plant and equipment	423,377	426,122	376,086	Short-term borrowings and long-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

Except for the descriptions in other notes to the consolidated financial statements, the Group's significant commitments and contingencies as of the balance sheet date are as follows:

Promissory notes issued for performance guarantees of sales as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$68,108, \$69,116 and \$25,883, respectively.

(2) Commitments

None.

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 safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the three-month period ended March 31, 2022, the Group's strategy was to maintain the gearing ratio within reasonable risk level. The gearing ratios at March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Total borrowings	\$ 1,656,849	\$ 1,539,981	\$ 1,406,606
Less: Cash and cash equivalents	(1,056,931)	(1,060,848)	(1,842,050)
Net debt	599,918	479,133	(435,444)
Total equity	<u>3,368,075</u>	<u>3,049,762</u>	<u>2,873,157</u>
Total capital	<u>\$ 3,967,993</u>	<u>\$ 3,528,895</u>	<u>\$ 2,437,713</u>
Gearing ratio	<u>15.12%</u>	<u>13.58%</u>	<u>-</u>

(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 profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 94,026	\$ 87,008	\$ 84,022
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 455,932	\$ 438,048	\$ 115,326
Financial assets at amortised cost			
Cash and cash equivalents	\$ 1,056,931	\$ 1,060,848	\$ 1,842,050
Financial assets at amortised cost	422,575	270,358	-
Notes receivable	136,063	125,482	43,769
Accounts receivable (including related party)	2,000,137	1,961,592	1,873,745
Other receivables	16,727	18,683	31,365
Guarantee deposits paid	16,428	14,443	6,466
Other financial assets	-	-	87,788
	<u>\$ 3,648,861</u>	<u>\$ 3,451,406</u>	<u>\$ 3,885,183</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 1,671	\$ 3,399	\$ 4,894
Financial liabilities at amortised cost			
Short-term borrowings	\$ 811,849	\$ 694,981	\$ 674,606
Notes payable	42,511	40,504	66,761
Accounts payable (including related party)	845,636	915,410	1,361,666
Other accounts payable	671,473	774,927	552,639
Long-term borrowings (including current portion)	845,000	845,000	732,000
Guarantee deposits received	2,222	2,142	2,140
	<u>\$ 3,218,691</u>	<u>\$ 3,272,964</u>	<u>\$ 3,389,812</u>
Lease liability (including current portion)	<u>\$ 23,168</u>	<u>\$ 20,970</u>	<u>\$ 10,885</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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (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 co-operation 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'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	Exchange rate	Book value
	(In thousands)		(NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 28,819	28.58	\$ 823,647
JPY:NTD	232,134	0.233	54,087
RMB:NTD	22,788	4.481	102,113
USD:RMB	10,216	6.348	64,851
<u>Non-monetary items</u>			
USD:NTD	\$ 2,560	28.58	\$ 73,178
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,274	28.676	\$ 610,053
JPY:NTD	10,395	0.237	2,464
<u>Non-monetary items: None</u>			
December 31, 2021			
	Foreign currency amount	Exchange rate	Book value
	(In thousands)		(NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 43,536	27.63	\$ 1,202,900
JPY:NTD	218,993	0.239	52,339
RMB:NTD	26,187	4.319	113,102
USD:RMB	5,765	6.367	36,706
<u>Non-monetary items</u>			
USD:NTD	\$ 2,600	27.63	\$ 71,837
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 21,631	27.73	\$ 599,828
JPY:NTD	20,067	0.2425	4,866
<u>Non-monetary items: None</u>			

	March 31, 2021		
	Foreign currency amount		Book value
	(In thousands)	Exchange rate	(NTD/RMB)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 38,526	28.49	\$ 1,097,606
JPY:NTD	77,379	0.256	19,809
RMB:NTD	68,925	4.319	297,687
USD:RMB	3,227	6.571	21,205
<u>Non-monetary items</u>			
USD:NTD	\$ 2,553	28.49	\$ 72,747
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 24,528	28.59	\$ 701,256
JPY:NTD	43,415	0.260	11,288
<u>Non-monetary items: None</u>			

- ii. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2022 and 2021 amounted to \$5,235 and (\$1,230), respectively.

iii. Analysis of foreign currency market risk arising from significant foreign exchange variation

		Three-month period ended March 31, 2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss (NTD/RMB)	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	8,236	\$ -
JPY:NTD	1%		540	-
RMB:NTD	1%		1,021	-
USD:RMB	1%		649	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 732
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	6,100)	\$ -
JPY:NTD	1%	(25)	-
		Three-month period ended March 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss (NTD/RMB)	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	10,976	\$ -
JPY:NTD	1%		198	-
RMB:NTD	1%		2,977	-
USD:RMB	1%		212	-
<u>Non-monetary items</u>				
USD:NTD	1%	\$	-	\$ 727
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	(\$	7,013)	\$ -
JPY:NTD	1%	(113)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds 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, post-tax profit for the three-month periods ended March 31, 2022 and 2021 would have increased/decreased by \$185 and \$840, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,140 and \$1,153, respectively.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term and certain long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2022 and 2021, the Group's borrowings at variable rate were denominated in New Taiwan dollars, if the market interest rate had increased by 0.25%, the Company's cash outflow would have increased by \$1,036 and \$270, respectively.

(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 contract cash flows of debt instruments stated at amortised cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. 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. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group measured actual transaction status. If the contract payments were past based on the term, the default has occurred.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
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. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, the provision matrix is as follows:

	Up to 60 days past due	61~120 days past due	121 to 180 days past due	Up to 181 days	Total
<u>At March 31, 2022</u>					
Expected loss rate	4%~100%	10%~100%	10%~100%	12%~100%	
Total book value	\$2,249,144	\$ 22,280	\$ 25,211	\$ 94,217	\$2,390,852
Loss allowance	(\$ 189,562)	(\$ 13,614)	(\$ 18,566)	(\$ 32,910)	(\$ 254,652)
<u>At December 31, 2021</u>					
Expected loss rate	0%~100%	0%~100%	4%~100%	10%~100%	
Total book value	\$2,162,144	\$ 18,324	\$ 507	\$ 126,862	\$2,307,837
Loss allowance	(\$ 178,197)	(\$ 5,851)	(\$ 481)	(\$ 36,234)	(\$ 220,763)
<u>At March 31, 2021</u>					
Expected loss rate	5% or less	20%~70%	40%~80%	90%~100%	
Total book value	\$2,046,946	\$ 52,541	\$ 8,357	\$ 69,176	\$2,177,020
Loss allowance	(\$ 152,572)	(\$ 35,813)	(\$ 3,380)	(\$ 67,741)	(\$ 259,506)

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, contract assets and lease payments receivable are as follows:

	2022		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 220,726	\$ 37	\$ 56,110
(Reversal of) provision for impairment	31,380	149	(25,448)
Effect of foreign exchange	2,360	-	1,390
At March 31	<u>\$ 254,466</u>	<u>\$ 186</u>	<u>\$ 32,052</u>

	2021		
	Accounts receivable	Notes receivable	Overdue receivables
At January 1	\$ 224,649	\$ 23	\$ 69,321
(Reversal of) provision for impairment	34,018	2	(1,637)
Write-offs	(202)	-	-
Effect of foreign exchange	1,016	-	(288)
At March 31	<u>\$ 259,481</u>	<u>\$ 25</u>	<u>\$ 67,396</u>

The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

- viii. For financial instruments at amortised cost, the credit rating levels are presented below:(there was no such transaction as of March 31,2021)

March 31, 2022				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 422,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,575</u>

December 31, 2021				
Lifetime				
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	<u>\$ 270,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,358</u>

(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 while maintaining sufficient headroom on its undrawn committed borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at March 31, 2022, December 31, 2021 and March 31, 2021, the Group held money market position of \$1,053,876, \$1,057,804 and \$1,838,937, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Fixed rate:			
Expiring within one year	\$ 1,428,151	\$ 1,810,190	\$ 1,446,139
Expiring beyond one year	<u>200,000</u>	<u>200,000</u>	<u>413,000</u>
	<u>\$ 1,628,151</u>	<u>\$ 2,010,190</u>	<u>\$ 1,859,139</u>

- iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 811,849	\$ -	\$ -	\$ -
Notes payable	42,511	-	-	-
Accounts payable (including related party)	845,636	-	-	-
Other payables	671,473	-	-	-
Lease liability (including current portion)	11,479	12,013	-	-
Long-term borrowings (including current portion)	129,791	728,881	-	-
Guarantee deposits received	-	1,667	541	14
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	1,671	-	-	-
December 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 694,981	\$ -	\$ -	\$ -
Notes payable	40,504	-	-	-
Accounts payable (including related party)	915,410	-	-	-
Other payables	774,927	-	-	-
Lease liability (including current portion)	10,255	11,016	-	-
Long-term borrowings (including current portion)	109,041	714,641	36,506	-
Guarantee deposits received	86	1,522	522	12
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	3,399	-	-	-

March 31, 2021	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 674,606	\$ -	\$ -	\$ -
Notes payable	66,761	-	-	-
Accounts payable (including related party)	1,361,666	-	-	-
Other payables	552,639	-	-	-
Lease liability (including current portion)	5,638	3,661	-	-
Long-term borrowings (including current portion)	300,419	-	441,633	-
Guarantee deposits received	86	1,520	521	13
<u>Derivative financial liabilities:</u>				
Foreign exchange swap contracts	4,894	-	-	-

(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. The fair value of the Group's investment in equity investment without active market and investment property is included in Level 3.

B. The related information of 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 at March 31, 2022, December 31, 2021 and March 31, 2021 is as follows:

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

<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 91,951	\$ 2,075	\$ -	\$ 94,026
Financial assets at fair value through other comprehensive income				
Equity securities	<u>343,359</u>	<u>-</u>	<u>112,573</u>	<u>455,932</u>
	<u>\$ 435,310</u>	<u>\$ 2,075</u>	<u>\$ 112,573</u>	<u>\$ 549,958</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 1,671)</u>	<u>\$ -</u>	<u>(\$ 1,671)</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 87,008	\$ -	\$ -	\$ 87,008
Financial assets at fair value through other comprehensive income				
Equity securities	<u>316,216</u>	<u>-</u>	<u>121,832</u>	<u>438,048</u>
	<u>\$ 403,224</u>	<u>\$ -</u>	<u>\$ 121,832</u>	<u>\$ 525,056</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	<u>\$ -</u>	<u>(\$ 3,399)</u>	<u>\$ -</u>	<u>(\$ 3,399)</u>

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 84,022	\$ -	\$ -	\$ 84,022
Derivative instruments	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity securities	140	-	115,186	115,326
	<u>\$ 84,162</u>	<u>\$ -</u>	<u>\$ 115,186</u>	<u>\$ 199,348</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Derivative instruments	\$ -	(\$ 4,894)	\$ -	(\$ 4,894)

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

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

- v. 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.
- vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group’s credit quality.
- C. For the three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- D. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
At January 1	\$ 121,832	\$ 114,638
Gain recognized in other comprehensive income		
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	(9,680)	27,937
Acquired in the period	-	11,172
Transfer to investment accounted for under equity method	-	(38,561)
Effect of exchange rate	<u>421</u>	<u>-</u>
At March 31	<u>\$ 112,573</u>	<u>\$ 115,186</u>

- D. For the three-month period ended March 31, 2022, there was no transfer into or out from Level 3. For the three-month period ended March 31, 2021, the Group increased holding shares of Viewmove Technologies, Inc. and therefore had significant influence on Viewmove Technologies, Inc., which transfers out from “financial assets at fair value through other comprehensive income” level 3 to “investments accounted for using equity method”. Additionally, the shares of Yankey Engineering Co., Ltd. has been listed, thus, there is sufficient observable market information. As a result, the Group transferred the adopted fair value from level 3 into level 1 at the end of the month when the event occurred.

F. Accounting Department 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 calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at March 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 86,793	Market comparable companies	Price to book ratio multiple	0.33~25.45	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	25,870	Net asset value	Not applicable	Not applicable	Not applicable

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity instrument:					
Unlisted shares	\$ 97,963	Market comparable companies	Price to book ratio multiple	1.82~19.9	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	23,869	Net asset value	Not applicable	Not applicable	Not applicable
	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non- derivative equity					
Unlisted shares	\$ 94,071	Market comparable companies	Price to book ratio multiple	2.05~20.2	The higher the multiple and control premium, the higher the fair value
Venture capital shares Private equity fund investment	21,115	Net asset value	Not applicable	Not applicable	Not applicable

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 of profit or loss or of 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	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 11,257	(\$ 11,257)	
				December 31, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 12,183	(\$ 12,183)	
				March 31, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
				Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change					
Financial assets							
Equity instrument	Price to earnings ratio	± 10%	\$ -	\$ -	\$ 11,519	(\$ 11,519)	

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: None.

- 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 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(12).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

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

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

<u>For the three-month period ended March 31, 2022</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Suzhou Top Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Amount</u>
Revenue from external customers	\$ 575,873	\$ 245,236	\$ 379,581	\$ 38,832	\$ -	\$ 1,239,522
Inter-segment revenue	\$ 60,772	\$ 104,472	\$ 32,656	\$ 4,620	(\$ 202,520)	\$ -
Segment income	\$ 172,757	\$ 54,169	\$ 67,752	(\$ 330)	(\$ 88,382)	\$ 205,966
Total segment assets	\$ 6,406,038	\$ 1,646,869	\$ 1,873,089	\$ 505,340	(\$ 2,775,533)	\$ 7,655,803

<u>For the three-month period ended March 31, 2021</u>	<u>C SUN MFG. LTD.</u>	<u>Csun Technology (Guangzhou) Co., Ltd.</u>	<u>Suzhou Top Creation Machines Co., Ltd.</u>	<u>Other</u>	<u>Elimination</u>	<u>Amount</u>
Revenue from external customers	\$ 830,316	\$ 156,621	\$ 213,979	\$ 182,782	\$ -	\$ 1,383,698
Inter-segment revenue	\$ 117,553	\$ 82,041	\$ 162,990	\$ 7,896	(\$ 370,480)	\$ -
Segment income	\$ 177,768	\$ 17,885	\$ 76,065	(\$ 41,397)	(\$ 21,612)	\$ 208,709
Total segment assets	\$ 6,082,700	\$ 1,526,634	\$ 1,651,553	\$ 531,155	(\$ 2,406,030)	\$ 7,386,012

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the three-month periods ended March 31, 2022 and 2021 is provided as follows:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Reportable segments income	\$ 294,348	\$ 230,321
Other	(88,382)	(21,612)
Income before tax from continuing operations	<u>\$ 205,966</u>	<u>\$ 208,709</u>

C SUN MFG. LTD. and subsidiaries
Provision of endorsements and guarantees to others
For the three-month period ended March 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2022	Outstanding endorsement/ guarantee amount at March 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	Note 2	\$ 625,175	\$ 85,875	\$ 85,875	\$ -	\$ -	2.75	\$ 1,562,939	Y	N	Y	
0	C SUN MFG. LTD.	Suzhou Top Creation Machines Co., Ltd.	Note 2	625,175	85,875	85,875	-	-	2.75	1,562,939	Y	N	Y	

Note 1: Ceiling on total amount of endorsements/guarantees is 50% of the Company's net asset value; limit on endorsement/guarantee to a single party is 20% of the Company's net assets value.

Note 2: The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

C SUN MFG. LTD. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

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	
C SUN MFG. LTD.	Mufg Fund Services (Singapore) Pte. Ltd.	None	Financial assets at fair value through profit or loss - current	16,754	\$ 61,700	-	\$ 61,700	
"	Group Up Industrial Co., Ltd.	"	Financial assets measured at fair value through other comprehensive income - current	550,000	45,925	1.00	45,925	
"	Ampoc Far-East Co., Ltd.	"	"	5,466,000	229,572	4.78	229,572	
"	Yankey Engineering Co., Ltd.	"	"	44,700	8,739	0.07	8,739	
"	UTECHZONE CO., LTD.	"	"	596,000	59,123	1.00	59,123	
"	Advance Materials Corporation	"	Financial assets measured at fair value through other comprehensive income - non-current	1,423,770	16,800	1.21	16,800	
"	Emax Tech Co., Ltd.	Director	"	3,652,554	58,331	10.82	58,331	
"	Hua Da Venture Capital Corporation	"	"	330,000	2,485	6.00	2,485	
"	Luminescence Technology Corp.	None	"	454,000	11,554	1.80	11,554	
"	Aibdt Technology Inc.	"	"	324,951	107	1.79	107	
"	Gvt Fund Gp, L.P.	"	"	517,113	10,342	1.62	10,342	
C Sun (B.V.I) Ltd.	Gvt Fund Gp, L.P.	"	"	176,935	3,545	0.55	3,545	
"	Mufg Fund Services (Singapore) Pte. Ltd.	"	Financial assets at fair value through profit or loss - current	8,200	30,251	-	30,251	
K Sun (Samoa) Ltd.	Unimax C.P.I. Technology Corp.	"	Financial assets measured at fair value through other comprehensive income - non-current	1,729,728	9,409	17.86	9,409	

Table 2

C SUN MFG. LTD. and subsidiaries

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

For the three-month period ended March 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	The Company holds indirectly 100% of the investee	Purchases	\$ 106,346	14.92%	Similarity to third parties	Similarity to third parties	Similarity to third parties	(\$ 103,627)	11.67%

Table 3

C SUN MFG. LTD. and subsidiaries

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

March 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	
					Amount	Action taken			
Csun Technology (Guangzhou) Co., Ltd.	C SUN MFG. LTD.	The Company holds indirectly 100% of the investee	Accounts receivable	80,760	1.76	\$ -	-	\$ -	-
"	"	"	Other receivables	22,867	-	-	-	-	-

Table 4

C SUN MFG. LTD. and subsidiaries
 Significant inter-company transactions during the reporting periods
 For the three-month period ended March 31, 2022

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms (Note 3)	Percentage of consolidated total operating revenues or total assets (Note 4)
0	C SUN MFG. LTD.	Csun Technology (Guangzhou) Co., Ltd.	1	Sales	\$ 59,372	-	1.04
	"	"	1	Purchases	106,346	-	1.86
	"	"	1	Accounts payable	103,627	-	1.35
	"	"	1	Accounts receivable	51,003	-	0.67
	"	"	1	Other receivables	10,283	-	0.13
1	Csun Technology (Guangzhou) Co., Ltd.	Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	3	Other payables	11,557	-	0.15
2	Suzhou Top Creation Machines Co., Ltd.	Power Ever Enterprises Limited	3	Sales	32,656	-	0.57
	"	"	3	Accounts receivable	29,923	-	0.39

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

(1) Number 0 represents the Company

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows (If transaction of parent company with subsidiaries or transaction in subsidiaries will not expose repeat, for example; If parent company exposed transaction with parent company with subsidiaries, then subsidiaries will not expose that transaction; If one of subsidiary company exposed transaction with other subsidiary company, it will not exposed repeat transaction from other subsidiary company.)

(1) The Company to the consolidated subsidiaries.

(2) The consolidated subsidiaries to the Company

(3) The consolidated subsidiaries to another consolidated subsidiaries.

Note 3: The sales of the parent company with Csun Technology (Guangzhou) Co., Ltd. is strategy division for Corporation, the price set of the transaction is base on the agreement, other transaction with non-parties are same with third parties, Transaction terms for the other transaction can't reference to similarly transaction, all is following the agreement agree.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: The information only disclosing for the amount of transactions are more than \$10,000 and counter parties shall not disclose .

C SUN MFG. LTD. and subsidiaries
Information on investees
For the three-month period ended March 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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-month period ended March 31, 2022	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
C SUN MFG. LTD.	C Sun (B.V.I) Ltd.	British Vitgin Islands	Investment	\$ 331,878	\$ 320,922	-	100.00	\$ 2,202,796	\$ 87,177	\$ 74,666	
"	K Sun (Samoa) Ltd.	Samoa	Investment	66,181	63,996	-	100.00	17,130 (38) (38)	
"	Wat Sun. Intelligent Technology Co., Ltd.	Taiwan	Machinery and equipment manufacturing	700,000	700,000	70,000,000	100.00	51,425	1,276	1,276	
"	Gallant Precision Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	865,350	854,584	43,892,827	27.33	952,308	108,689	29,532	
"	Gallant Micro. Machining Co., Ltd.	Taiwan	Machinery and equipment wholesale and manufacturing	83,624	83,624	1,812,000	6.68	98,286	77,365	5,168	
"	Viewmove Technologies, Inc.	Taiwan	Machinery and equipment wholesale and manufacturing	27,389	27,389	676,504	20.70	41,223	3,163	655	
C Sun (B.V.I) Ltd.	Alpha Joint Ltd.	Samoa	Investment	16,603	16,054	580,000	100.00	86,374 (1,337) (1,337)	
"	Power Ever Enterprises Limited	Samoa	Investment	169,174	163,589	-	77.47	856,788	54,183	41,977	
Power Ever Enterprises Limited	Good Team International Enterprises Limited	Hong Kong	Investment	171,750	166,080	6,000,000	100.00	1,109,038	55,188	55,188	
Suzhou Top Creation Machines Co., Ltd.	Top Creation Machines Co., Ltd.	Taiwan	Machinery installation and wholesales, Equipment retail and electronic materials wholesale	7,500	7,500	750,000	100.00	2,838 (1,087) (1,087)	

Note: Original investment amount has translated to New Taiwan Dollars at the closing exchange rate.

C SUN MFG. LTD. and subsidiaries
Information on investments in Mainland China
For the three-month period ended March 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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-month period ended March 31,2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net profit (loss) of investee for the three-month period ended March 31,2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31,2022 (Note2(2))	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							
Csun Technology (Guangzhou) Co., Ltd.	Manufacturing, installing, sales and processing all manner of drying equipment, tempature experiment equipment and exposure equipment.	\$ 549,886	Reinvested in the Mainland China investee through investing in an existing company (C Sun (B.V.I) Ltd.) in the third area.	\$ 131,812	\$ -	\$ -	\$ 136,312	\$ 46,014	100.00	\$ 45,904	\$ 1,282,286	\$ 506,316	Note 2 (2) (B)
Alpha-Cure Asia Co.,Ltd.	Manufacturing and processing UV curing lamp.	60,656	Reinvested in the Mainland China investee through investing in an existing company (Alpha Joint Ltd.) in the third area.	16,054	-	-	16,603	(5,222)	25.00	(1,305)	73,178	-	Note 2 (2) (C)
Suzhou Amc Technology Co., Ltd.	Preparation, research and design, manufacturing and processing for copper claded laminates, semiconductor, special for components use materials and tc tape carrier package.	515,250	Reinvested in the Mainland China investee through investing in an existing company (K Sun (Samoa) Ltd.) in the third area.	6,674	-	-	6,902	-	0.89	-	-	-	
Northern Juye (Beijing) Information Technology Co., Ltd.	Operating information and internet technical and hardware sales.	143,125	Invested the investee through the company (Csun Technology (Guangzhou) Co., Ltd.) in the Mainland China.	4,780	-	-	4,944	-	2.82	-	-	-	
Suzhou Top Creation Machines Co., Ltd.	Design and manufacturing printed circuit board, flat panel display, semiconductor, solar industry equipment and related parts sales.	157,438	Reinvested in the Mainland China investee through investing in an existing company (Good Team International Enterprises Limited) in the third area.	162,952	-	-	168,515	55,219	77.47	42,778	1,108,897	58,671	Note 2 (2) (B) 、 Note 4
Guangzhou Y SUN Machinery Tech. Co., Ltd.	Mainly laser cutting machinery parts, various metal precision sheet metal, laser, punching;zigzag processing machinery;frame development for Stainless steel equipment for dust-free room; design, manufacturing and installation of generator, air compressor, sound-proof shield, engine room soundproof.	-	Invested the investee through the company (Csun Technology (Guangzhou) Co., Ltd.) in the Mainland China.	-	-	-	-	-	-	-	-	-	Note 2 (2) (C) 、 Note 5
Jiangsu Chuang Gao Xin Materials Technology Co., Ltd.	Research and development, manufacturing high-tech materials, intellectual toys, toy balloon; computer software's develop application; manufacturing mould and precision machinery.	238,818	Invested the investee through the company (Csun Technology (Guangzhou) Co., Ltd.) in the Mainland China.	-	-	-	-	945	100.00	945	255,974	-	Note 2 (2) (C)
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							
C SUN MFG. LTD.		\$333,275		\$724,495		\$2,020,845							

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1)Directly invest in a company in Mainland China.
(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.
(3)Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the three-month period ended March 31, 2022' column:
(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
A.The financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
B.The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: As of March 31, 2022, C Sun (B.V.I.) Ltd. held 77.47% of the equity interest of Power Ever Enterprises Limited and indirectly obtains the equity interest of Power Ever Enterprises Limited, and indirectly obtained the equity interest of Suzhou Top Creation Machines Co., Ltd. through investing in an existing company in the third area, which then invested in Suzhou Top Creation Machines Co., Ltd. in Mainland China.

Note 5: Guangzhou Y SUN Machinery Tech. Co., Ltd. Completed the cancellation of registration on January, 2022.

Table 7

C SUN MFG. LTD. and subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the three-month period ended March 31, 2022

Table 8 Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale		Purchase		Accounts receivable		Accounts payable		Financing				
	Amount	%	Amount	%	Balance at March 31, 2022	%	Balance at March 31, 2022	Purpose	Maximum balance during the three-month period ended March 31, 2022	Balance at March 31, 2022	Interest rate	Interest during the three-month period ended March 31, 2022	Others
Csun Technology (Guangzhou) Co., Ltd.	\$ 59,372	1.04	\$ 106,346	1.86	\$ 51,003	0.67	\$ 103,627	1.35	-	-	-	-	-

C SUN MFG. LTD. and subsidiaries

Information of major shareholders

March 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Holding percentage
Hai-Xing Investment Co.,Ltd	13,794,304	9.06%
Pin-Zhi Investment Co.,Ltd	11,474,331	7.53%
Gallant Precision Machining Co.,Ltd.	10,011,682	6.57%

Note 1: The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.