

OFCO Industrial Corp. and Subsidiaries
Consolidated Financial Statements and
Independent Auditor's Report
For the Three Months Ended March 31,
2022 and 2021
Stock Code: 5011

Address: No. 299, Yulin Rd., Xilin Vil., Qiaotou Dist.,
Kaohsiung City
Tel.: (07)612-5899

OFCO Industrial Corp. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
For the Three Months Ended March 31, 2022 and 2021
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Auditor's Review Report

(111)Certificate No. 22000382

OFCO Industrial Corp.

Foreword

We have reviewed the accompanying consolidated balance sheets of OFCO Industrial Corp. and subsidiaries (hereinafter collectively referred to as "OFCO Group") as of March 31, 2022 and 2021, and the related consolidated statements of income, changes in equity, and cash flows for the three months ended March 31, 2022 and 2021, and the related consolidated notes to the financial statements (including the summary of significant accounting policies). The preparation of consolidated financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission, is the responsibility of the Company's management. Our responsibility is to express the conclusion of the financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards NO. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of the Company as of March 31, 2022 and 2021, and of its financial performance and its cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

PwC Taiwan

Tzu-Yu Lin

Certified Public Accountant

Chung yu Tien

May11 ,2022

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

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

(The accompanying consolidated balance sheets as of March 31, 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

Asset		Note	March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,142,888	29	\$ 675,014	19	\$ 468,296	19
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		20,803	1	27,206	1	44,527	2
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income or loss - current		227,105	6	232,459	6	122,162	5
1136	Financial Assets Carried at Cost-	6(1)(4)&						
	Current	8	110,905	3	234,552	6	232,826	10
1140	Current contract assets	6(24)	8,439	-	-	-	-	-
1150	Notes receivable net	6(5)	295	-	361	-	50	-
1152	Other motes receivable	6(5)(9)	36,950	1	52,775	1	55,200	2
1170	Accounts receivable net	6(5)	383,936	10	397,710	11	263,279	11
1180	Accounts receivable net - related	6(7)&7						
	parties		129,638	3	128,935	4	58,978	2
1200	Other receivables		12,885	-	18,309	-	8,010	-
1220	Current tax assets	6(31)	-	-	-	-	11	-
130X	Inventories	6(6)	378,237	9	391,079	11	280,892	12
1410	Pre-payments	6(7)	171,845	4	172,221	5	115,488	5
11XX	Total current asset		2,623,926	66	2,330,621	64	1,649,719	68
Non-current assets								
1535	Financial Assets Carried at Cost-	6(1)(4)&						
	Non-current	8	62,875	2	25,511	1	10,500	-
1550	Investments accounted for under	6(8)						
	the equity method		21,693	1	21,636	1	-	-
1600	Property, Plant and Equipment	6(9)(13)						
	、7&8		848,317	21	828,418	23	604,552	25
1755	Right-of-use assets	6(10)	97,085	2	99,429	3	5,697	-
1760	Investment property amount net	6(11)&8	32,452	1	32,452	1	31,002	1
1780	Intangible Assets	6(12)	19,945	-	19,976	-	19,398	1
1840	Deferred tax assets	6(31)	55,814	1	71,493	2	62,659	3
1915	Prepayments for equipment	6(9)	199,292	5	158,339	4	462	-
1920	Refundable deposits		20,207	1	28,060	1	3,398	-
1930	Long-term notes and accounts	6(9)						
	receivable		-	-	-	-	36,800	2
1975	Net defined benefit assets - non-	6(19)						
	current		7,017	-	7,009	-	8,315	-

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

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

(The accompanying consolidated balance sheets as of March 31, 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

1990	Other non-current assets - others	7	<u>15,442</u>	<u>-</u>	<u>13,075</u>	<u>-</u>	<u>5,738</u>	<u>-</u>
15XX	Total non-current assets		<u>1,380,139</u>	<u>34</u>	<u>1,305,398</u>	<u>36</u>	<u>788,521</u>	<u>32</u>
1XXX	Total Assets		<u>\$ 4,004,065</u>	<u>100</u>	<u>\$ 3,636,019</u>	<u>100</u>	<u>\$ 2,438,240</u>	<u>100</u>

(Continued)

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

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

(The accompanying consolidated balance sheets as of March 31, 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

Liabilities and Equity			March 31, 2022		December 31, 2021		March 31, 2021	
			Amount	%	Amount	%	Amount	%
Current liabilities								
2100	Short-term loans	6(14)&8	\$ 387,829	10	\$ 428,783	12	\$ 402,475	17
2110	Short-term notes and bills payable	6(15)&8	89,556	2	88,766	2	60,000	2
2130	Contract liability - current	6(24)	199,591	5	179,154	5	4,524	-
2150	Notes payable		27,514	1	33,325	1	11,212	-
2160	Notes Payable - Related Parties	7	35,859	1	26,486	1	4,638	-
2170	Accounts payable		342,960	9	298,457	8	190,713	8
2180	Accounts payable - Related parties	7	90,608	2	133,318	4	68,947	3
2200	Other payables	6(16)						
		(23)&7	222,817	6	144,116	4	117,019	5
2230	Current tax liabilities	6(31)	15,239	-	11,478	-	5,918	-
2280	Lease liabilities - Current	6(10)	12,033	-	11,748	-	4,331	-
2320	Current portion of long-term liabilities	6(17)						
		(18)&8	41,077	1	27,335	1	40,878	2
21XX	Total current liabilities		1,465,083	37	1,382,966	38	910,655	37
non-current liabilities								
2530	Bonds payable	6(17)						
		(20)						
		(21)	-	-	-	-	19,045	1
2540	Long-term loans	6(18)&8	164,149	4	84,287	2	118,580	5
2570	Deferred tax liabilities	6(31)	19,992	-	19,401	1	19,529	1
2580	Lease liabilities – Non-current	6(10)	86,279	2	88,504	2	1,499	-
2645	Guarantee deposits received		29,906	1	21,334	1	-	-
2670	Other non-current liabilities - othe		565	-	564	-	-	-
25XX	Total Non-Current Liabilities		300,891	7	214,090	6	158,653	7
2XXX	Total liabilities		1,765,974	44	1,597,056	44	1,069,308	44
Equity attributed to the stockholders of the parent								
	Share capital	6(17)						
		(20)						
3110	Common stock		890,496	23	885,218	24	720,354	30
3130	Bond for Equity Certificates		3,605	-	5,278	-	35,420	2
3200	Additional paid-in capital	4(3) 、6						
		(17)(20)						
		(21)						
		(22)	962,772	24	884,951	25	680,307	28
	Retained earnings	6(23)						
3320	Special reserve		7,745	-	7,745	-	7,745	-
3350	Unappropriated earnings		126,211	3	129,968	4	64,399	3
3400	Other interests	6(3)	(43,920)	(1)	(38,566)	(1)	(13,040)	(1)
31XX	Total equity attributed to the stockholders of the parent		1,946,909	49	1,874,594	52	1,366,387	56
36XX	on-controlling interest	4(3)	291,182	7	164,369	4	2,545	-
3XXX	Total equity		2,238,091	56	2,038,963	56	1,368,932	56

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together. °

Chairman:Norman Sun

President:Ju-YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries

Consolidated Balance Sheets

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

(The accompanying consolidated balance sheets as of March 31, 2022 and 2021 have been reviewed only, and have not been audited in accordance with Generally Accepted Auditing Standards.)

Unit: NT\$ thousand

	Significant contingent liabilities and unrecognized commitments	9							
	Significant events after the balance sheet date	11							
3X2X	Total liabilities and equity		\$	<u>4,004,065</u>	<u>100</u>	\$	<u>3,636,019</u>	<u>100</u>	\$ <u>2,438,240</u> <u>100</u>

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Chairman:Norman Sun

President:Ju-YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand
(In addition to the loss per share of NT\$)

	Item	Note	January 1 to March 31, 2022		January 1 to March 31, 2021	
			Amount	%	Amount	%
4000	Operating revenue	6(24)、7 &12	\$ 1,152,118	100	\$ 707,915	100
5000	Operating costs	6(6)(19) (29)(30) 、7&12	(1,027,938)	(89)	(685,319)	(97)
5900	Operating profit (loss)		<u>124,180</u>	<u>11</u>	<u>22,596</u>	<u>3</u>
	Operating expenses	6(19) (29)(30) 、7&12				
6100	Marketing expenses		(9,949)	(1)	(7,468)	(1)
6200	Administrative Expenses		(36,798)	(3)	(22,295)	(3)
6300	R&D Expenses		(144)	-	(679)	-
6000	Total operating expenses		(46,891)	(4)	(30,442)	(4)
6900	Operating gains(losses)		<u>77,289</u>	<u>7</u>	(7,846)	(1)
	Non-operating income and expenses					
7100	Interest income	6(4)(25)	78	-	72	-
7010	Other income	6(26)	1,584	-	400	-
7020	Other gains or losses	6(2)(27) 、7&12	20,897	2	(331)	-
7050	Financial costs	6(10)(17) (28)	(3,148)	-	(2,685)	(1)
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(8)	<u>57</u>	-	-	-
7000	Total non-operating income and expenses		<u>19,468</u>	<u>2</u>	(2,544)	(1)
7900	Net gain(loss) before tax		<u>96,757</u>	<u>9</u>	(10,390)	(2)
7950	Income tax benefits(expense)	6(31)	(20,031)	(2)	4,642	1
8200	Net gain(loss)		<u>\$ 76,726</u>	<u>7</u>	<u>(\$ 5,748)</u>	<u>(1)</u>
	Other comprehensive income					
	Items that will not be re-classified into profit and loss					
8316	Unrealized profit and loss on the equity instrument investments at fair value through other comprehensive income	6(3)	(\$ 5,354)	(1)	\$ 1,673	-
8300	Other comprehensive income (net)		(\$ 5,354)	(1)	\$ 1,673	-
8500	Total comprehensive income		<u>\$ 71,372</u>	<u>6</u>	<u>(\$ 4,075)</u>	<u>(1)</u>
	Net profit (loss) attributed to:					
8610	Stockholders of the parent company		\$ 81,183	7	(\$ 5,828)	(1)
8620	non-controlling interes		(4,457)	-	80	-
			<u>\$ 76,726</u>	<u>7</u>	<u>(\$ 5,748)</u>	<u>(1)</u>
	Total comprehensive income attributed to:					

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements.
Please read together.

Chairman:Norman Sun

President:Ju-YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand
(In addition to the loss per share of NT\$)

8710	Stockholders of the parent company		\$	75,829	6	(\$	4,155)	(	1)
8720	non-controlling interes		(	4,457)	-		80		-
			\$	71,372	6	(\$	4,075)	(1)
	Gain(loss) per share	6(33)							
9750	Basic		\$		0.91	(\$		0.10)	
9850	Diluted		\$		0.91	(\$		0.10)	

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Please read together.

Chairman:Norman Sun

President:Ju-YenWu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand

		Equity attributed to the owners of parent-company											
		Share capital			Retained earnings			Other components of equity					
								The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Note		Common stock	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings						
<u>January 1 to March 31, 2021</u>													
	Balance as of January 1, 2021	\$ 423,793	\$ 96,561	\$ 203,088	\$ -	\$ 7,745	(\$ 58,571)	\$ 373	(\$ 15,086)	\$ -	\$ 657,903	\$ 1,822	\$ 659,725
	Net income for January to March 2021	-	-	-	-	-	(5,828)	-	-	-	(5,828)	80	(5,748)
	Other comprehensive income for January to March 2021	-	-	-	-	-	-	-	1,673	-	1,673	-	1,673
	Total consolidated profit and loss for January to March 2021	-	-	-	-	-	(5,828)	-	1,673	-	(4,155)	80	(4,075)
	Increase of common stock for cash	6(20)(21) 200,000	-	448,350	-	-	-	-	-	-	648,350	-	648,350
	Conversion of bonds into capital stock	6(17)(20)(21) 96,561	(61,141)	27,395	-	-	-	-	-	-	62,815	-	62,815
	Employee Stock Options Compensation Costs	6(21)(22)(30) -	-	1,079	-	-	-	-	-	-	1,079	-	1,079
	Changes in ownership interests in subsidiaries recognized	4(3)&6(21) -	-	395	-	-	-	-	-	-	395	(395)	-
	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,038	1,038
	Balance as of March 31, 2021	<u>\$ 720,354</u>	<u>\$ 35,420</u>	<u>\$ 680,307</u>	<u>\$ -</u>	<u>\$ 7,745</u>	<u>(\$ 64,399)</u>	<u>\$ 373</u>	<u>(\$ 13,413)</u>	<u>\$ -</u>	<u>\$ 1,366,387</u>	<u>\$ 2,545</u>	<u>\$ 1,368,932</u>
<u>January 1 to March 31, 2022</u>													
	Balance as of January 1, 2022	\$ 885,218	\$ 5,278	\$ 884,951	\$ -	\$ 7,745	\$ 129,968	\$ 373	(\$ 38,939)	\$ -	\$ 1,874,594	\$ 164,369	\$ 2,038,963
	Net income for January to March 2022	-	-	-	-	-	81,183	-	-	-	81,183	(4,457)	76,726
	Total consolidated profit and loss for January to March, 2022	-	-	-	-	-	-	-	(5,354)	-	(5,354)	-	(5,354)
	Other comprehensive income for January to March 2022	-	-	-	-	-	81,183	-	(5,354)	-	75,829	(4,457)	71,372
Appropriations of earnings 2021 :													
	Cash dividends to shareholders	6(23) -	-	-	-	-	(84,940)	-	-	-	(84,940)	-	(84,940)

◦ The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read toge

Chairman: Norman Sun

President: Ju-Yen Wu

Accounting Director: Mei-Yu Wang

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OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Changes Equity
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand

Equity attributed to the owners of parent-company													
	Share capital			Retained earnings			Other components of equity						
							The exchange difference in the conversion of financial statements of foreign business institutions	Unrealized profit and loss on the financial assets at fair value through other comprehensive income			Non-controlling interest	Total equity	
Note	Common stock	Bond for Equity Certificates	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings			Treasury stocks	Total			
Conversion of bonds into capital stock	6(17)(20)(21)	5,278	(1,673)	2,671	-	-	-	-	-	6,276	-	6,276	
Employee Stock Options Compensation Costs	6(21)(22)(30)	-	-	945	-	-	-	-	-	945	153	1,098	
Changes in ownership interests in subsidiaries recognized	4(3)&6(21)	-	-	74,205	-	-	-	-	-	74,205	(74,205)	-	
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	205,322	205,322	
Balance as of March 31, 2022		\$ 890,496	\$ 3,605	\$ 962,772	\$ -	\$ 7,745	\$ 126,211	\$ 373	(\$ 44,293)	\$ -	\$ 1,946,909	\$ 291,182	\$ 2,238,091

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Chairman: Norman Sun

President: Ju-Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand

	Note	January 1 to March 31, 2022	January 1 to March 31, 2021
<u>Cash flows from operating activities</u>			
Net income(loss) before tax		\$ 96,757	(\$ 10,390)
Adjustments			
Income charges (credits)			
(Gain) loss on financial assets and liabilities measured at fair value through profit or loss		4,313	(536)
Loss on inventory	6(6)	1,555	1,087
Share of profit of associates and joint ventures accounted for under the equity method	6(8)	(57)	-
Depreciation expense	6(9)(10) (29)	19,998	16,271
Amortization expense	6(12) (29)	61	24
Net loss on disposal of property, plant and equipment	6(27)&7	(500)	-
Loss on repurchase of corporate bonds	6(21) (22)(30)	1,098	1,079
Interest income	6(25)	(78)	(72)
Interest expense	6(28)	3,148	2,685
Changes in assets/liabilities related to operating activities			
Changes in assets relating to operating activities net			
Financial assets at fair value through profit or loss - current		2,090	(44,527)
Contract asset - current		(8,439)	-
Notes receivable		516	104
Accounts receivable		13,774	10,373
Accounts receivable-related parties		(703)	(21,024)
Other receivables		5,424	3,430
Inventories		11,287	(32,773)
Pre-payments		376	30,300
Net defined benefit assets - non-current		(8)	(6)
Changes in liabilities relating to operating activities net			
Contract liability - current		20,437	(11,200)
Notes payable		(5,811)	(5,099)
Notes Payable - Related Parties		510	2,536
Accounts payable		44,503	6,520
Accounts payable-Related parties		(42,710)	5,945
Other payables		82	25,458

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

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President: Ju-Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand

	Note	January 1 to March 31, 2022	January 1 to March 31, 2021
Other non-current liabilities - other		1	(10,579)
Cash (outflow) inflow of business operations		167,624	(90,994)
Interest receivable		78	72
Interest payable		(3,024)	(3,185)
Net Cash In-Flow(Out-Flow) from Operating Activities		164,678	(94,107)

Cash flows from investing activities:

Acquisition of financial assets at fair value through other comprehensive income - current		\$ -	(\$ 55,966)
Reduction in Financial Assets Carried at Cost- Current		123,647	69,038
Increase in financial Assets Carried at Cost- Non- current		(37,364)	(10,500)
Cash paid for acquisition of property, plant and equipment	6(33)	(30,981)	(3,255)
Cash receipts from disposal of property, plant and equipment	6(33)	15,875	12,404
Intangible assets	6(12)	(30)	-
increase in prepayments for equipment		(43,863)	(35,211)
Refundable deposits reduction (increment)		7,853	717
Cash receipts from disposal of other non-current assets	6(33)	-	1,396
Other non-current assets - other decreases		(2,367)	11,527
(Outward)/Inward investment cash flow net		32,770	(9,850)

Fundraiser Cash Flow

Short-term borrowings	6(34)	680,922	572,087
Repayment of short-term loans	6(34)	(721,876)	(716,901)
Short-term bills payable	6(34)	800	-
Repayments of lease principal	6(34)	(3,169)	(2,829)
Proceeds from long-term bank loans	6(34)	107,654	-
Repayment of long-term loans	6(34)	(7,799)	(190,519)
Guarantee deposits Increase	6(34)	8,572	-

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President:Ju-YenWu

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OFCO Industrial Corp. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to March 31, 2022 and 2021

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

Unit: NT\$ thousand

	Note	January 1 to March 31, 2022	January 1 to March 31, 2021
Increase of common stock for cash	6(20)	-	648,350
Changes in non-controlling interests		205,322	1,038
Net cash inflows (outflows) from financing activities		270,426	311,226
Increase/(Reduction) in cash and cash equivalents		467,874	207,269
Balance of cash and cash equivalents, beginning of period	6(1)	675,014	261,027
Balance of cash and cash equivalents, end of period	6()	\$ 1,142,888	\$ 468,296

The Note to Consolidated Financial Statements appended to the statements form part of the Consolidated Financial Statements. Please read together.

Chairman: Norman Sun

President: Ju-Yen Wu

Accounting Director: Mei-Yu Wang

OFCO Industrial Corp. and Subsidiaries
Notes to consolidated financial statements
For the Three Months Ended March 31, 2022 and 2021
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT\$ thousand
(Unless otherwise specified)

1. Organization and operations

(1) OFCO Industrial Corp. (hereinafter referred to as "the Company") was established on November 21, 1984 in accordance with the provisions of the Company Act. The main business scope includes the manufacturing of fastener screws and related products, metal heat treatment OEM and trading. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as "the Group"), please refer to Note 4, (3) for the description of the basis of consolidation.

(2) The Company's shares have been traded on the Taipei Exchange (TPEX) since May 1999.

2. The Authorization of Financial Statements

This consolidated financial statements were submitted to the Board of Directors and issued on May 11, 2022.

3. Application of New and Revised International Financial Reporting Standards

(1) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission (FSC).

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards (IFRS) recognized by the Financial Supervisory Commission in 2022:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
IFRS 3 amendment, "Reference to 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 2018 - 2020 cycle	January 1, 2022

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

(2) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

None.

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the

International Accounting Standards Board (IASB) but not yet recognized by the FSC:

<u>Newly released / corrected / amended standards and interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28	
" Sales or contributions of assets between an investor and its associate/joint venture "	To be determined by the IASB
IFRS 17 - " Insurance contracts"	January 1, 2023
Amendment 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
Amendment to IAS 1 " Classification of Liabilities as Current or Non-Current "	January 1, 2023
Amendment to IAS 1 - " Disclosure of Accounting Policies "	January 1, 2023
Amendment to IAS 8 - " Definition of Accounting Estimates "	January 1, 2023
Amendments to IAS 12, " Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction "	January 1, 2023

The Group has assessed that the above standards and interpretations do not have a material impact on the Group's financial position and financial performance.

4.Summary of significant accounting policies

Except for the declaration of compliance, basis of preparation, basis of consolidation and applicable parts of interim financial statements, the major accounting policies are the same as those in Note 4 to the consolidated financial statements in 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A.The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS34 "Interim Financial Reporting", as approved by the FSC.
- B. This consolidated financial report should be read together with the 2021 Consolidated Financial Report.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention.
 - ① Financial assets at fair value through profit or loss (including derivatives).
 - ② Financial assets at fair value through other comprehensive income.
 - ③ The defined benefit asset is recognized as the net of the present value of the defined benefit obligation of the pension fund.
- B.The preparation of consolidated financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations and Interpretative Pronouncements (IFRSs) as endorsed by the FSC requires the use of certain critical accounting estimates. The application of the Company's accounting policies also requires management to exercise its judgment in the process of applying those policies that involve a higher degree of judgment or complexity, or items that involve

significant assumptions and estimates in the consolidated financial statements. Please refer to Note 5 for a description of significant accounting judgments, estimates and key sources of assumption uncertainty.

(3) Basis of consolidation

A. The basis for preparation of consolidated financial statements

The preparation principle of this consolidated financial report is the same as that of the consolidated financial report of the 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
OFCO Industrial Corp.	TSG Transport Corp.	Container rental, transportation and packing services	100.00	100.00	100.00	—
OFCO Industrial Corp.	TSG Environmental Technology Corp.	Recycling of materials, waste disposal services, etc.	100.00	100.00	100.00	—
OFCO Industrial Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	67.15	79.22	98.00	(Note)

Name of Investor	Name of Subsidiary	Main Business	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
TSG Transport Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.34	0.40	—	(Note)
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Garbage and Business Commissioning by waste incineration plants for management services and Small and medium-sized incineration furnace project planning, design turnkey services	0.51	0.61	—	(Note)
Yung Fu Co., Ltd.	TSG POWER Corp.	Energy technology services	100.00	100.00	100.00	—

(Note) In order to cooperate with Yung Fu Co., Ltd.'s future application for stock listing (counter) plan, Yung Fu Co., Ltd. handled the cash capital increase case from January to March, 2022 and 2021. Neither the company nor its subsidiaries subscribed according to the shareholding ratio, resulting in a decrease in its shareholding ratio. From January to March in 2022 and 2021, the adjusted Capital-Reserves (relative to the subject "Non-controlling interests") were \$74,205 and \$395 respectively.

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

D. Adjustment and treatment of different accounting periods of subsidiaries: None.

E. Significant limitations: None.

F. Subsidiaries with non - controlling interests that are significant to the Group:

① The total non-controlling interests of the Group as of March 31, 2022, December 31,

2021 and March 31, 2021 were \$291,182, \$164,369 and \$2,545, respectively. Information about non-controlling interests and subsidiaries that are material to the Group is as follows :

Name of Subsidiary	Main place of business	Non-controlling interests			
		March 31, 2022		December 31, 2021	
		Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$291,182	32.00%	\$164,369	19.77%

Name of Subsidiary	Main place of business	Non-controlling interests	
		March 31, 2021	
		Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	\$2,545	2.00%

② Subsidiary - Yung Fu Co., Ltd. summary financial information :

Balance Sheet

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 773, 611	\$ 604, 395	\$ 422, 730
Non-current assets	658, 530	582, 001	226, 350
Current liabilities	(385, 411)	(387, 189)	(211, 152)
Non-current liabilities	(142, 592)	(84, 225)	(86, 646)
Total net assets	<u>\$ 904, 138</u>	<u>\$ 714, 982</u>	<u>\$ 351, 282</u>

Statement of Comprehensive Income

	January to March of 2022	January to March of 2021
Revenue	<u>\$ 142, 614</u>	<u>\$ 72, 300</u>
Net income before tax	(\$ 20, 753)	\$ 1, 852
Income tax (expense) benefit	4, 151	2, 236
Net income	<u>(16, 602)</u>	<u>4, 088</u>
Total comprehensive income	<u>(\$ 16, 602)</u>	<u>\$ 4, 088</u>
Total comprehensive income attributed to non-controlling interest	<u>(\$ 4, 457)</u>	<u>\$ 80</u>

Statements of Cash Flows

	January to March of 2022	January to March of 2021
Net Cash Out-Flow from Operation Activities	\$ 84,768	(\$ 28,934)
Net Cash In-Flow (Out-Flow) from Investing Activities	(71,933)	4,719
Net Cash In-Flow (Out-Flow) from Financing Activities	261,380	174,641
Increase (Reduction) in cash and cash equivalents	274,215	150,426
Balance of cash and cash equivalents, beginning of period	281,168	92,884
Balance of cash and cash equivalents, end of period	<u>\$ 555,383</u>	<u>\$ 243,310</u>

(4) Employee benefits

Pension - Defined Benefit Plan

The pension cost for the interim period is calculated using the actuarially determined pension cost rate from the beginning of the year to the end of the current period as of the end of the previous financial year. If there are significant market changes and material curtailments, liquidations or other significant one-time events after such closing, they will be adjusted and the relevant information will be disclosed in accordance with the aforementioned policy.

(5) Income tax

Income tax expense for the interim period is calculated by applying the estimated average annual effective tax rate to the income before income tax for the interim period and disclosing the related information in accordance with the accounting policies.

5. Critical Accounting Judgements and Key Sources of Estimation and Uncertainty

There is no significant change in the current period, please refer to Note 5 to the consolidated financial statements in 2021.

6. Summary of Significant Accounting Items

(1) Cash and Cash Equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash:			
Cash on hand	\$ 447	\$ 455	\$ 298
Checking accounts and demand deposits	<u>1,142,441</u>	<u>674,559</u>	<u>467,998</u>
	<u>\$ 1,142,888</u>	<u>\$ 675,014</u>	<u>\$ 468,296</u>

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

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group transferred \$173,780, \$260,063 and \$243,326 of demand deposits, time deposits and bonds with repurchase pledged as collateral to "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current", respectively.

C. The Group pledged cash and cash equivalents as collateral (listed as "Financial Assets at Amortized Cost - Current" and "Financial Assets at Amortized Cost - Non-current"), please refer to Note 8 statements on pledged assets.

(2) Financial Assets at Fair Value through Profit or Loss - Current

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets mandatorily at FVTPL			
Shares of listed and OTC company	\$ -	\$ 7,777	\$ 32,280
Beneficiary certificates	20,803	15,116	12,268
	20,803	22,893	44,548
Valuation adjustment	-	4,313	(21)
	<u>\$ 20,803</u>	<u>\$ 27,206</u>	<u>\$ 44,527</u>

A. The Group recognized net income (listed as "Other Gains and Losses") of \$594 and \$817 for January to March of 2022 and 2021, respectively.

B. The Group has not pledged any financial assets at fair value through profit or loss.

C. For related credit risk information, please refer to Note 12, (2) Financial Instruments.

(3) Financial Assets at Fair Value through other Comprehensive Income or Loss - Current

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Equity instrument			
Shares of listed and OTC company	\$ 271,401	\$ 271,401	\$ 135,575
Financial asset valuation adjustment	(44,296)	(38,942)	(13,413)
	<u>\$ 227,105</u>	<u>\$ 232,459</u>	<u>\$ 122,162</u>

A. The Group has chosen to invest in equity instruments that are strategic investments. Investments are classified as financial assets measured at fair value through other comprehensive income or loss. The Group's maximum exposure to credit risk is its book value without taking into account collateral held or other credit enhancements.

B. The breakdown of FVTOCI recognized in profit or loss and comprehensive income or loss is as follows:

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	(\$ <u>5,354</u>)	\$ <u>1,673</u>

C. The Group not pledged financial assets measured at fair value through other comprehensive income.

D. For information on the credit risk of financial assets measured at fair value through other comprehensive income or loss, please refer to Note 12, (2) Financial Instruments.

(4) Amortised cost of a financial asset

<u>Item</u>	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 201</u>
Current items:			
Pledged demand deposits	\$ 98,874	\$ 88,278	\$ 79,421
Pledged time deposits	6,031	140,274	144,405
Pledged repurchase bond	6,000	6,000	9,000
	<u>\$ 110,905</u>	<u>\$ 234,552</u>	<u>\$ 232,826</u>
Non-current items:			
Pledged demand deposits	<u>\$ 62,875</u>	<u>\$ 25,511</u>	<u>\$ 10,500</u>

A. The Group interest income recognised in profit or loss due to financial assets measured by amortised cost from January to March in 2022 and 2021 were \$47 and \$56 respectively (represented in the table as “interest income”)

B. Financial assets held at amortised cost that best represent the Group, without regard to collateral held or other credit enhancements, as at March 31 2022, and December 31 2021 and March 31, 2021, the amount of the risk exposure with the largest credit risk was its book value.

C. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group provided financial assets measured by amortized cost as pledge guarantees. Please refer to Note 8 illustrate.

D. For information on credit risk of financial assets measured by amortized cost, please refer to Note 12, (2) Description of Financial Instruments. The Group's investment in time deposit certificates is a financial institution with good credit quality, and the possibility of default is expected to be low.

(5) Notes and Accounts Receivable - Net

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes Receivable	<u>\$ 295</u>	<u>\$ 361</u>	<u>\$ 50</u>
Other Installment Notes Receivable	<u>\$ 36,950</u>	<u>\$ 52,775</u>	<u>\$ 55,200</u>
Accounts Receivable	\$ 383,959	\$ 397,733	\$ 263,302
Less: Loss Allowance	(23)	(23)	(23)
	<u>\$ 383,936</u>	<u>\$ 397,710</u>	<u>\$ 263,279</u>

A. The aging analysis of Notes and Accounts Receivable (including related parties) is as follows:

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 37,245	\$ 487,230	\$ 53,136	\$ 485,237
Within 60 days past due	-	26,367	-	41,148
61-180 days past due	-	-	-	283
	<u>\$ 37,245</u>	<u>\$ 513,597</u>	<u>\$ 53,136</u>	<u>\$ 526,668</u>

	<u>March 31, 2021</u>	
	<u>Notes Receivable</u>	<u>Accounts Receivable</u>
Not Past Due	\$ 55,250	\$ 307,842
Within 60 days past due	-	14,017
61-180 days past due	-	421
	<u>\$ 55,250</u>	<u>\$ 322,280</u>

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

- B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balances of Notes Receivable and Accounts Receivable were generated from customer contracts, and the balance of accounts receivable from customer contracts was \$366,983 as of January 1, 2021.
- C. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not hold any collaterals as guarantees for Notes and Accounts Receivable.
- D. Please refer to Note 12, (2) for the credit risk information of the related Notes and Accounts Receivable.
- E. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had not pledged any Notes and Accounts Receivable as collateral.

(6) Inventories

March 31, 2022			
	Cost	Allowance to reduce Inventory to market	Carrying Value
Raw Materials	\$ 84,185	(\$ 15,645)	\$ 68,540
Supplies and spare parts	1,724	-	1,724
Work in Process	284,735	(18,418)	266,317
Finished Goods	<u>45,268</u>	<u>(3,612)</u>	<u>41,656</u>
	<u>\$ 415,912</u>	<u>(\$ 37,675)</u>	<u>\$ 378,237</u>
December 31, 2021			
	Cost	Allowance to reduce inventory to market	Carrying Value
Raw Materials	\$ 83,049	(\$ 14,132)	\$ 68,917
Supplies and spare parts	1,724	-	1,724
Work in Process	239,392	(18,333)	221,059
Finished Goods	<u>103,034</u>	<u>(3,655)</u>	<u>99,379</u>
	<u>\$ 427,199</u>	<u>(\$ 36,120)</u>	<u>\$ 391,079</u>
March 31, 2021			
	Cost	Allowance to reduce Inventory to market s	Carrying Value
Raw Materials	\$ 70,905	(\$ 9,004)	\$ 61,901
Supplies and spare parts	2,047	-	2,047
Work in Process	169,824	(16,957)	152,867
Finished Goods	<u>66,251</u>	<u>(2,174)</u>	<u>64,077</u>
	<u>\$ 309,027</u>	<u>(\$ 28,135)</u>	<u>\$ 280,892</u>

The cost of inventories recognized as losses by the Corporate Group.

	January to March of 2022	January to March of 2021
Cost Of Goods Sold	\$ 625,733	\$ 475,833
Inventory Valuation and Obsolescence Losses	1,555	1,087
Gain or Loss on Physical Inventory	2,004	121
Revenue from Sale of Scraps	<u>(5,221)</u>	<u>(6,420)</u>
	<u>\$ 624,071</u>	<u>\$ 470,621</u>

(7) Prepaid Expenses

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Supplies inventory	\$ 104,542	\$ 109,711	\$ 64,572
Prepaid expenses	26,158	39,927	17,086
Tax credit	16,854	12,999	11,297
Advance payment	11,558	7,791	15,790
Prepaid insurance	11,529	977	5,387
Others	1,204	816	1,356
	<u>\$ 171,845</u>	<u>\$ 172,221</u>	<u>\$ 115,488</u>

(8) Equity method investment

A. Changes in investments using the equity method are as follows:

	<u>January to March , 2022</u>	<u>January to March, 2021</u>
January 1	\$ 21,636	\$ -
Share of profit(loss) of associates & joint ventures accounted for using equity method	<u>57</u>	<u>-</u>
March 31	<u>\$ 21,693</u>	<u>\$ -</u>

B. The details of investments using the equity method are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Titan Insurance Broker Co., Ltd.	<u>\$ 21,693</u>	<u>\$ 21,636</u>	<u>\$ -</u>

C. The share of the operating results of Titan Insurance Broker Co., Ltd., an individual insignificant affiliate of the Group, is as follows:

	<u>January to March, 2022</u>
Net profit of continuing business units for the current period	\$ 259
Other comprehensive income (net of tax)	<u>-</u>
Total comprehensive income	<u>\$ 259</u>

D. As of March 31, 2022 and December 31, 2021, the Group did not provide the investment using the equity method as a pledge.

(9) Property, Plant and Equipment

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2022</u>									
Cost	\$ 181,182	\$ 154,488	\$ 728,020	\$ 47,577	\$ 18,559	\$ 139,841	\$ 182,476	\$ 13,201	\$ 1,465,344
Accumulated Depreciation	-	(68,355)	(321,938)	(7,498)	(13,559)	(91,618)	(126,468)	-	(629,416)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	<u>\$ 181,182</u>	<u>\$ 86,153</u>	<u>\$ 404,687</u>	<u>\$ 40,079</u>	<u>\$ 3,978</u>	<u>\$ 43,572</u>	<u>\$ 55,566</u>	<u>\$ 13,201</u>	<u>\$ 828,418</u>
<u>January to March of 2022</u>									
January 1	\$ 181,182	\$ 86,153	\$ 404,687	\$ 40,079	\$ 3,978	\$ 43,572	\$ 55,566	\$ 13,201	\$ 828,418
Add - Cost	-	-	13,624	8,474	655	-	5,503	5,158	33,414
Transfer In of Prepaid Equipment Cost	-	-	2,010	900	-	-	-	-	2,910
Acceptance and transfer	-	-	20	-	-	-	-	(20)	-
Depreciation Expense	-	(1,018)	(8,245)	(1,340)	(216)	(1,945)	(3,661)	-	(16,425)
Disposal-Cost	-	-	(6,038)	-	-	-	-	-	(6,038)
Disposal- Accumulated Depreciation	-	-	6,038	-	-	-	-	-	6,038
March 31	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>

March 31, 2022

Cost	\$ 181,182	\$ 154,488	\$ 737,636	\$ 56,951	\$ 19,214	\$ 139,841	\$ 187,979	\$ 18,339	\$ 1,495,630
Accumulated Depreciation	-	(69,353)	(324,145)	(8,838)	(13,775)	(93,563)	(130,129)	-(	639,803)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-(	7,510)
	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2021</u>									
Cost	\$ 166,931	\$ 147,841	\$ 524,967	\$ 16,437	\$ 15,549	\$ 127,093	\$ 172,449	\$ -	\$ 1,171,267
Accumulated Depreciation	-	(64,512)	(304,640)	(7,921)	(13,170)	(84,917)	(108,978)	-	(584,138)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	<u>\$ 166,931</u>	<u>\$ 83,329</u>	<u>\$ 218,932</u>	<u>\$ 8,516</u>	<u>\$ 1,357</u>	<u>\$ 37,525</u>	<u>\$ 63,029</u>	<u>\$ -</u>	<u>\$ 579,619</u>

January to March of 2021

January 1	\$ 166,931	\$ 83,329	\$ 218,932	\$ 8,516	\$ 1,357	\$ 37,525	\$ 63,029	\$ -	\$ 579,619
Add - Cost	-	-	-	773	-	-	2,482	-	3,255
Transfer In of Prepaid Equipment Cost	-	-	-	-	-	-	-	35,211	35,211
Depreciation	-	(977)	(5,458)	(393)	(79)	(1,524)	(5,102)	-	(13,533)

Expense									
March 31	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>
<u>March 31, 2022</u>									
Cost	\$ 181,182	\$ 154,488	\$ 737,636	\$ 56,951	\$ 19,214	\$ 139,841	\$ 187,979	\$ 18,339	\$ 1,495,630
Accumulated Depreciation	-	(69,353)	(324,145)	(8,838)	(13,775)	(93,563)	(130,129)	-(	639,803)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>(1,395)</u>	<u>-</u>	<u>(1,022)</u>	<u>(4,651)</u>	<u>(442)</u>	<u>-</u>	<u>(7,510)</u>
	<u>\$ 181,182</u>	<u>\$ 85,135</u>	<u>\$ 412,096</u>	<u>\$ 48,113</u>	<u>\$ 4,417</u>	<u>\$ 41,627</u>	<u>\$ 57,408</u>	<u>\$ 18,339</u>	<u>\$ 848,317</u>

	Land	Buildings	Machinery & equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Unfinished construction and equipment under acceptance	Total
<u>January 1, 2021</u>									
Cost	\$ 166,931	\$ 147,841	\$ 524,967	\$ 16,437	\$ 15,549	\$ 127,093	\$ 172,449	\$ -	\$ 1,171,267
Accumulated Depreciation	-	(64,512)	(304,640)	(7,921)	(13,170)	(84,917)	(108,978)	-	(584,138)
Cumulative Impairment	<u>-</u>	<u>-</u>	<u>(1,395)</u>	<u>-</u>	<u>(1,022)</u>	<u>(4,651)</u>	<u>(442)</u>	<u>-</u>	<u>(7,510)</u>
	<u>\$ 166,931</u>	<u>\$ 83,329</u>	<u>\$ 218,932</u>	<u>\$ 8,516</u>	<u>\$ 1,357</u>	<u>\$ 37,525</u>	<u>\$ 63,029</u>	<u>\$ -</u>	<u>\$ 579,619</u>
<u>January to March of 2021</u>									
January 1	\$ 166,931	\$ 83,329	\$ 218,932	\$ 8,516	\$ 1,357	\$ 37,525	\$ 63,029	\$ -	\$ 579,619
Add - Cost	-	-	-	773	-	-	2,482	-	3,255
Transfer In of Prepaid	-	-	-	-	-	-	-	35,211	35,211

Equipment Cost
Depreciation
Expense
March 31
March 31,
2021

	-	(977)	(5,458)	(393)	(79)	(1,524)	(5,102)	-	(13,533)
	<u>\$ 166,931</u>	<u>\$ 82,352</u>	<u>\$ 213,474</u>	<u>\$ 8,896</u>	<u>\$ 1,278</u>	<u>\$ 36,001</u>	<u>\$ 60,409</u>	<u>\$ 35,211</u>	<u>\$ 604,552</u>
Cost	\$ 166,931	\$ 147,841	\$ 524,967	\$ 17,210	\$ 15,549	\$ 127,093	\$ 174,931	\$ 35,211	\$ 1,209,733
Accumulated Depreciation	-	(65,489)	(310,098)	(8,314)	(13,249)	(86,441)	(114,080)	-	(597,671)
Cumulative Impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	<u>\$ 166,931</u>	<u>\$ 82,352</u>	<u>\$ 213,474</u>	<u>\$ 8,896</u>	<u>\$ 1,278</u>	<u>\$ 36,001</u>	<u>\$ 60,409</u>	<u>\$ 35,211</u>	<u>\$ 604,552</u>

- A. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's property, plant and equipment were assets for own use.
- B. The Group's did not capitalize any borrowing costs from January to March 2022 and 2021.
- C. On September 26, 2019, the Board of Directors approved the sale of certain machinery and equipment, office equipment, leasehold improvements, other equipment and other non-current assets – other of the Tainan plant with low capacity utilization. In December 2019, the Company entered into a sales and purchase agreement with E-Shen Steel Co. The disposal price was \$163,238 and the gain on disposal was \$18,439 in December 2019. As of March 31, 2022, December 31, 2021 and March 31, 2021, the outstanding balance was shown as "Other Notes Receivable" of \$36,800, \$50,600 and \$55,200, respectively, and "Long-Term Notes and Accounts Receivable" of \$—, \$—, and \$36,800, respectively.
- D. Information on the pledge of property, plant and equipment by the Group is described in Note 8.
- E. Please refer to Note 6, (13) for the accumulated impairment loss on non-financial assets.

(10) Leasing arrangements - lessee

- A. The subject assets of the Group's leases are buildings and business vehicles and print machine and land, and the lease contracts are usually for periods ranging from 2 to 14 years. Lease agreements are individually negotiated and contain various terms and conditions without any special restrictions.
- B. The lease period of the Group's leased vehicles does not exceed 12 months, and the leased assets with low value are air cleaners, etc.
- C. The book value of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 548	\$ 630	\$ -
Buildings	92,194	93,806	3,408
Transport Equipment (business vehicles)	4,176	4,817	2,289
Office equipment (print machine)	167	176	-
	<u>\$ 97,085</u>	<u>\$ 99,429</u>	<u>\$ 5,697</u>

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 82	\$ -
Buildings	2,841	2,375
Transport Equipment (business vehicles)	641	363
Office equipment (print machine)	9	-

\$ 3,573 \$ 2,738

D. The additions to the Group's right-of-use assets were \$1,229 and \$- for January to March of 2022 and 2021, respectively.

E. The information on profit or loss items related to lease contracts is as follows:

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 313	\$ 32
Expenses for short-term lease contracts	1,551	842
Lease of low-value assets	14	7

F. The Group's total rental cash outflows for January to March of 2022 and 2021 were \$5,047 and \$3,710, respectively.

(11) Investment property- net

	<u>Land</u>
<u>January 1 and March 31 of 2022</u>	
Cost	<u>\$ 32,452</u>
	<u>Land</u>
<u>January 1 and March 31 of 2021</u>	
Cost	<u>\$ 31,002</u>

A. The investment real estate of the Group's is the lands of Sushuangziping Section in Dingzhonggu Section of Jinshan District, New Taipei City and Shancheng Section of Jinshan District. As of March 31, 2022, December 31, 2021 and March 31, 2021 for the situation of providing pledge of investment property, please refer to Note 8. for the explanation of pledged assets.

B. The fair value of investment properties held by the Group's was \$63,991 and \$63,991 and \$62,525 as of March 31, 2022, December 31 2021 and March 31, 2021, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was determined to be Level 3 fair value.

(12) Intangible Assets

	<u>Computer software</u>	<u>Goodwill</u>	<u>Total</u>
<u>January 1, 2022</u>			
Cost	\$ 1,214	\$ 19,003	\$ 20,217
Accumulated amortization and impairment	(241)	-	(241)
	<u>\$ 973</u>	<u>\$ 19,003</u>	<u>\$ 19,976</u>

January to March of 2022

January 1	\$	973	\$	19,003	\$	19,976
Add-Derived separately		30		-		30
Amortization expense	(	61)		-	(	61)
March 31	\$	<u>942</u>	\$	<u>19,003</u>	\$	<u>19,945</u>

March 31, 2022

Cost	\$	1,244	\$	19,003	\$	20,247
Accumulated amortization	(302)		-	(302)
	\$	<u>942</u>	\$	<u>19,003</u>	\$	<u>19,945</u>

Computer software	Goodwill	Total
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January 1, 2021

Cost	\$	468	\$	19,003	\$	19,471
Accumulated amortization and impairment	(49)		-	(49)
	\$	<u>419</u>	\$	<u>19,003</u>	\$	<u>19,422</u>

January to March of 2021

January 1	\$	419	\$	19,003	\$	19,422
Amortization expense	(	24)		-	(	24)
March 31	\$	<u>395</u>	\$	<u>19,003</u>	\$	<u>19,398</u>

March 31, 2021

Cost	\$	468	\$	19,003	\$	19,471
Accumulated amortization	(	73)		-	(	73)
	\$	<u>395</u>	\$	<u>19,003</u>	\$	<u>19,398</u>

(13) Impairment of non-financial assets

The Group's did not recognize or reverse any impairment loss from January to March, 2022 and 2021. As of March 31, 2022, December 31, 2021 and March 31, 2021, the accumulated impairment loss recognized on the Group's non-financial assets was \$7,510.

(14) Short-term loans

Type of borrowings	March 31, 2022	Interest Rate	Collateral
Guaranteed bank loans	\$ 257,054	1.39% ~ 2.093%	Demand deposits, land, buildings and construction, Investment property
Unsecured bank loans	<u>130,775</u>	1.40% ~ 1.562%	None
	<u>\$ 387,829</u>		

Type of borrowings	December 31, 2021	Range of interest rate	Collateral
Guaranteed bank loan	\$ 343,913	0.93% ~ 2.00%	Demand deposits, time deposits, land, buildings and construction
Unsecured bank loans	84,870	1.41% ~ 1.87%	None
	<u>\$ 428,783</u>		

Type of borrowings	March 31, 2021	Interest Rate	Collateral
Guaranteed bank loans	\$ 255,832	0.9% ~ 2%	Demand deposits, time deposits, land, buildings and construction
Unsecured bank loans	146,643	1.41% ~ 2.165%	None
	<u>\$ 402,475</u>		

The interest expense recognized in profit or loss from January to March 2022 and 2021 is described in Note 6, (28) Financial costs.

(15) Short-term bills payable

Nature of borrowing	March 31, 2022	Range of interest rate	Collateral
Commercial paper	\$ 89,600	0.60% ~ 0.85%	Repurchase of bonds and time deposits
Less: Discount on Short-term notes and bills payable	(44)		
	<u>\$ 89,556</u>		

Nature of borrowing	December 31, 2021	Range of interest rate	Collateral
Commercial paper	\$ 88,800	0.75% ~ 1.70%	Repurchase of bonds and time deposits
Less: Discount on Short-term notes and bills payable	(34)		
	<u>\$ 88,766</u>		

Nature of borrowing	March 31, 2022	Range of interest rate	Collateral
Commercial paper	\$ 60,000	0.712% ~ 0.75%	Repurchase of bonds and time deposits

- A. The above commercial paper payable is issued by Mega Bills Co., Ltd. under guarantee for short-term liquidity purposes.
- B. Interest expense recognized in profit or loss from January to March 2022 and 2021 is described in Note 6, (28) Financial costs.

(16) Other payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Dividends payable	\$ 84,940	\$ -	\$ -
Salary payable	42,721	47,008	26,783
Processing fees payable	15,332	19,948	13,030
Remuneration payable to employees and directors	13,053	8,385	-
Packaging costs payable	9,406	9,330	7,671
Business tax payable	9,196	3,576	8,371
Repair fee payable	7,331	2,703	2,180
Utilities payable	7,158	9,326	4,001
Equipment payment payable	5,617	12,047	154
Others	<u>28,063</u>	<u>31,793</u>	<u>54,829</u>
	<u>\$ 222,817</u>	<u>\$ 144,116</u>	<u>\$ 117,019</u>

(17) Bonds payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Guaranteed convertible bonds	\$ 500	\$ 6,700	\$ 24,200
Unsecured convertible bonds	<u>-</u>	<u>-</u>	<u>-</u>
	500	6,700	24,200
Add: Premium on bonds payable	6	57	-
Less: Discount on bonds payable portion due	-	-	(5,155)
Portion due within one year or one business cycle	<u>(506)</u>	<u>(6,757)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,045</u>

A. In June 2019, the Company issued the second domestic secured convertible bonds and the third unsecured convertible bonds, the main terms of which are as follows:

① The conditions for the issuance of the second domestic secured convertible bonds are as follows:

a. The Company was approved by the competent authority to raise and issue the second domestic guaranteed convertible bonds with a total amount of \$100,000 (related issuance cost of \$1,667), with a coupon rate of 0% and a maturity period of 3 years from June 17, 2019 to June 17, 2022. The convertible bonds are repayable in cash at 101.51% of the face value of the bonds upon maturity.

- b. From the day following the expiration of three months after the date of issuance of the Bonds (September 18, 2019) to the maturity date (June 17, 2022), the holders of the Bonds may request the conversion of the Bonds into common stocks of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law, and the rights and obligations of the converted common stocks shall be the same as those of the original issued common stocks.
 - c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
 - d. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEX), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
 - e. Entie Commercial Bank, Ltd. (hereinafter referred to as the "Guarantor Bank") was appointed as the guarantor bank for the converted bonds. The guarantee period is from the date of full collection of the bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.
- ② The conditions for the issuance of the Company's third domestic unsecured convertible bonds are as follows:
- a. The Company was approved by the competent authority to raise and issue the third domestic unsecured convertible bonds with a total amount of \$200,000 (related issuance cost of \$3,333), with a coupon rate of 0% and a maturity period of 3 years from June 18, 2019 to June 18, 2022. The convertible bonds are repayable in cash at 102.27% of the face value of the bonds upon maturity.
 - b. From the day following the expiration of three months after the date of issuance of the Bonds (September 19, 2019) to the maturity date (June 18, 2022), the holders of the Bonds may request the conversion of the Bonds into common stocks of the Company at any time, except during the period when the transfer of the Bonds is suspended in accordance with the regulations or the law, and the rights and obligations of the converted common shares shall be the same as those of the original issued common stocks.
 - c. The conversion price of the convertible bonds is determined in accordance with the pricing model stipulated in relevant laws. If the conversion price is subsequently adjusted in accordance with the pricing model stipulated in the relevant laws due to the Company's anti-dilution policy, the conversion price will be reset in accordance with the pricing model stipulated in the relevant laws on the base date of the relevant laws, and will not be adjusted if it is higher than the conversion price before the reset in the current year.
 - d. If the closing price of the Company's common stock exceeds the prevailing conversion price by more than 30% for 30 consecutive business days from the day after the conversion bond is issued for three months (September 19, 2019) to 40 days prior to the expiration of the issuance period (May 9, 2022), the Company may

redeem all of the bonds at their face value in cash within 30 business days thereafter. If the outstanding balance of the convertible bonds is less than 10% of the original issue amount from the day following the third month of issuance (September 19, 2019) to 40 days prior to the expiration of the issuance period (May 9, 2022), the Company may, at any time thereafter, redeem all of the bonds in cash at their face value.

- e. In accordance with the provisions of the relevant laws and regulations, all bonds repossessed (including those bought back through the TPEX), repaid or converted by the Company will be cancelled, and all rights and obligations attached to the bonds will be extinguished and will not be issued.
- B. The company's conversion of corporate bonds with a par value of \$9,500 from December 31, 2021 has been converted into 528 thousand shares of ordinary shares has not yet been completed. In the registration part, 528 thousand ordinary shares were converted. The base date of capital increase was January 17, 2022 (listed "Common Stock" \$5,278). Another denomination of \$6,200 is requested to be converted into 360 thousand ordinary shares, but the change registration has not yet been completed (listed "Bond Conversion Rights Certificate" \$3,605 and "Additional paid-in capital-Issuance Premium" \$2,746, and the "Additional paid-in capital-Share Options" \$75).
- C. From January to March, 2021, the Company converted NT\$63,800 worth of bonds into 3,542 thousand shares of common stock, but the change of registration has not yet been completed (NT\$35,420 for the "Bond Exchange Certificate" and NT\$28,514 for the "Additional paid-in capital-Issuance Premium", and NT\$1,119 for the "Additional paid-in capital-Share Options").
- D. Upon the issuance of convertible bonds, the Company separated the conversion rights of equity from the components of liabilities in accordance with IAS 32, "Financial Instruments: Presentation," and recorded "Additional paid-in capital-Share Options" at \$7,810. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balances of the above "Additional paid-in capital-Share Options" were \$6, \$81 and \$293, respectively
- E. Interest expense recognized in profit or loss for January to March, 2021 and 2020 is described in Note 6, (28), Financial costs.

(18) Long-term loans

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>March 31, 2021</u>	<u>Collateral</u>
Guaranteed bank loans	2022.5.25~2028.10.27	1.34%~ 2.50%	\$ 204,720	Demand deposits, Land, Building & Construction, Machinery & equipment, Transportation equipment
Less: Portion due within one year or one business cycle			(40,571)	
			<u>\$ 164,149</u>	

<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>December 31, 2021</u>	<u>Collateral</u>
Guaranteed bank loans	2022.5.25~2028.10.27	1.34%~ 2.07%	\$ 104,865	Land, Buildings & construction,

					Machinery & equipment
Less: Portion due within one year or one business cycle			(	20,578)	
			\$	84,287	
<u>Nature of borrowing</u>	<u>Maturity Date Range</u>	<u>Interest Rate</u>	<u>March 31, 2021</u>		<u>Collateral</u>
Guaranteed bank loans	2021.12.25~2025.11.2	1.50%~ 1.71%	\$ 153,625		Land, Building & Construction
Unsecured bank loans	2021.10.31	1.90%			None
				5,833	
				159,458	
Less: Portion due within one year or one business cycle			(	40,878)	
			\$	118,580	

The interest expense recognized in profit or loss from January to March 2022 and 2021 is described in Note 6, (28) Financial Costs.

(19) Pensions

A. In accordance with the "Labor Standards Act", the Company and its subsidiaries have defined benefit pension plans that apply to all regular employees' years of service prior to the implementation of "Labor Pension Act" on July 1, 2005, and to employees who elect to continue to be subject to the Labor Standards Act for subsequent years of service after the implementation of "Labor Pension Act". For employees who meet the retirement requirements, pension payments are calculated based on the length of service and the average salary for the six months prior to retirement, with 2 bases for each year of service up to and including 15 years and one base for each year of service over 15 years, up to a maximum of 45 bases. The Company and its subsidiaries contribute 2% of salaries and wages to a monthly pension fund, which is deposited in the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee (except that the Company suspended the contribution to the Labor Pension Fund until March 31, 2022, as approved by the competent authority). 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 not sufficient 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 contribution for the deficit by the end of March of the following fiscal year. Information regarding the above defined benefit retirement plan is disclosed below:

- ① From January to March, 2022 and 2021, the Group recognized pension costs of \$— in accordance with the above pension plan.
- ② The Group estimated contribution to the retirement plan for the next year is \$—.

B. Effective July 1, 2005, the Group has established a "Defined contribution pension plan" in accordance with the "Labor Pension Act", which is applicable to employees of the Company. Under the New Plan, the Company contributes monthly an amount not less than 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. The Group recognized pension costs of \$3,302 and \$1,866 from January to March of 2022 and 2021, respectively, based on the above pension plan.

(20) Share capital

- A. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and end of the period is as follows: (in thousands of shares)

	<u>January to March of</u> <u>2022</u>	<u>January to March of</u> <u>2021</u>
Number of shares at the beginning of the period	88,522	42,379
Issuance of common stock for cash	-	20,000
Conversion of corporate bonds	<u>528</u>	<u>9,656</u>
Ending balance	<u>89,050</u>	<u>72,035</u>

- B. On August 12, 2020, the Board of Directors approved the issuance of 20,000 thousand shares of common stock at a premium of NT\$32.5 per share, and the total amount of the capital increase was \$650,000, less the related issuance costs of \$1,650. The actual net cash capital increase was \$648,350, and the base date of the capital increase was January 20, 2021.
- C. On September 28, 2021, the company passed a resolution at the extraordinary general meeting of shareholders that it plans to conduct a cash capital increase by private placement. The benchmark date for private placement is November 11, 2021. The purpose of the cash capital increase is to improve the financial structure, repay bank loans, and enhance operational competition. The number of privately held shares is capped at 15,000 thousand shares, and the subscription price per share is NT\$23.3. This capital increase has raised 12,500 thousand shares totaling \$291,250, and the change registration has been completed; the rights and obligations of this private placement of ordinary shares, except for "The relevant regulations of the Securities and Exchange Law" have restrictions on circulation and transfer, and the application for OTC listing and trading must be completed after three years from the delivery date and the issuance of the issuance. The remaining shares are the same as other issued ordinary shares.
- D. Please refer to Note 6, (17) for the conversion of bonds payable from January to March, 2022 and 2021.
- E. As of March 31, 2022, the Company's total authorized capital was \$4,000,000 (\$96,000 of the total shares were reserved for conversion of employee stock options) and the paid-in capital was \$890,496, divided into 89,050 thousand shares of NT\$10 each. All proceeds from shares issued have been collected.

(21) Additional Paid-in Capital

	January to March of 2022				
	Issuance Premium	Trading of treasury stock	The difference between the actual acquisition or disposal of equity in a subsidiary and its book value	Stock option	Total
January 1	\$ 785,353	\$ 6,741	\$ 86,060	\$ 6,797	\$ 884,951
Conversion of bonds into capital stock	2,746	-	-	(75)	2,671
Employee Stock Options Compensation Costs	-	-	-	945	945
Changes in ownership interests in subsidiaries recognized	-	-	74,205	-	74,205
March 31	<u>\$ 788,099</u>	<u>\$ 6,741</u>	<u>\$ 160,265</u>	<u>\$ 7,667</u>	<u>\$ 962,772</u>

	January to March of 2021				
	Issuance Premium	Trading of treasury stock	Gain on disposal of assets	Stock option	Total
January 1	\$ 183,713	\$ 6,741	\$ 1,177	\$ 11,457	\$ 203,088
Issuance of common stock for cash	448,350	-	-	-	448,350
Conversion of bonds into capital stock	28,514	-	-	(1,119)	27,395
Employee Stock Options Compensation Costs	-	-	-	1,079	1,079
Changes in ownership interests in subsidiaries recognized	-	-	395	-	395
March 31	<u>\$ 660,577</u>	<u>\$ 6,741</u>	<u>\$ 1,572</u>	<u>\$ 11,417</u>	<u>\$ 680,307</u>

- A. In accordance with the Company Act, any capital reserve arising from additional paid-in capital of the 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 Securities and Exchange Act requires that the amount of additional paid-in capital to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. For "Additional paid-in capital-Issuance Premium" and "Additional paid-in capital-Stock Options", please refer to Note 6, (20) Share capital and Note 6, (17) Bonds payable.
- C. For "Additional paid-in capital- Employee Stock Options Compensation Costs", please refer to Note 6, (22) Share-based payment to employees.
- D. For "Additional paid-in capital-Changes in ownership interests in subsidiaries recognized", please refer to Note 4, (3) Basis of consolidation.
- E. As of March 23, 2022, the board of directors decided to distribute cash of \$31,294 (NTD0.35 per share) from the capital reserve, pending the resolution of the shareholders' meeting.

(22) Share-based payment to employees

A. Compensation Employee Stock Option Program

On October 21, 2020, the Company issued 3,000 units of employee compensation stock options at a price of NT\$21.6 per unit, which is based on the closing price of the Company's common stock on the date of issuance, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company's common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of March 31, 2022, the subscription price for employee stock options has been adjusted to NT\$19.5. The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the Employee Stock Option Regulations. The compensation cost of the Company's compensated employee stock options recognized from January to March, 2022 and 2021 (relative to the item listed as "Additional paid-in capital-Employee Stock Options") was \$504 and \$576, respectively. In addition, 913 thousand shares were granted to employees of the subsidiary over three years period. Therefore, the subsidiary recognized compensation cost (corresponding to the item listed as "Additional paid-in capital-Employee Stock Options") of \$441 and \$503 from January to March, 2022 and 2021, respectively.

- ① The number of options and the weighted-average exercise price of the stock option plan for compensated employees from January to March, 2022 and 2021 are disclosed as follows :

Share Options	January to March of 2022	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	<u>3,000</u>	\$ 19.5
Options exercisable at the end of the period	<u>-</u>	-
Options approved and outstanding at the end of the period	<u>-</u>	-

Share Options	January to March of 2021	
	Number (units)	Weighted average exercise price (NT\$)
Outstanding at the beginning and end of the period	<u>3,000</u>	\$ 20.6
Options exercisable at the end of the period	<u>-</u>	-
Options approved and outstanding at the end of the period	<u>-</u>	-

- ② The fair value of the Company's stock option plan was estimated using the Black-Scholes option valuation model, and the related information is as follows :

Date of granting		<u>October 21, 2020</u>
Stock Price (NT\$)	\$	21.35
Performance Price (NT\$)		21.60
Dividend Rate		0%
Expected price volatility		27.97%
Risk-free interest rate		0.2285%
Expected duration		5 years
Fair value per unit (per share)		NT\$5.24

B. Subsidiary - As of January to March, 2022, the Yung Fu Co., Ltd. share-based payment agreement is as follows :

<u>Type of agreement</u>	<u>Paying day</u>	<u>Number (units)</u>	<u>Contract period</u>	<u>Acquired conditions</u>
Employee stock option plan	2021. 6. 23	3, 600	1 years	0.5 years of service
Employee stock option plan	2021. 9. 6	580	1 years	0.5 years of service
Employee stock option plan	2021. 11. 9	300	1 years	0.5 years of service

In the above-mentioned share-based payment agreements, all of them are delivered by equity.

- ① As of January to March, 2022, the above-mentioned share-based payment agreements is as follows :

<u>January to March of 2022</u>		
<u>Share Options</u>	<u>Number (units)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	52	\$ 10
Waiver of share options in the current period	(50)	-
Execution of share options in the current period	(2)	10
Share options outstanding at the end of the period	-	-
Share options exercisable at the end of the period	-	-

There were no such events from January to March of 2022.

- ② Subsidiary - the Yung Fu Co., Ltd. uses the Black-Scholes option valuation model to estimate the fair value of the subscription options for its share-based payment transactions. The relevant information is as follows:

Type of agreement	Paying day	Share price (NTD)	Performance price (NTD)	Expected price volatility	Expected duration	Expected dividend rate	Risk-free interest rate	Fair value per unit
Employee stock option plan	2021.6.23	8.02	10	16.16%	1 years	0%	0.12%	0.06
Employee stock option plan	2021.9.6	10.03	10	30.65%	1 years	0%	0.15%	1.24
Employee stock option plan	2021.11.9	11.68	10	26.74%	1 years	0%	0.20%	2.19

- ③ Subsidiary – Yung Fu Co., Ltd. will pay \$153 for the above share-based payment transaction from January to March 2022 (relative to the subject "non-controlling interest"). No such event from January to March 2021.

(23) Retained earnings

- A. Legal reserve may not be used except to offset losses or to issue new shares or cash in proportion to the shareholders' original shares, provided that the amount of new shares or cash issued shall be limited to the portion of the reserve that exceeds 25% of the paid-in capital.
- B. In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual accounts, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% as legal reserve (except when the legal reserve has already reached the total capital), and the remainder, in addition to dividends, shall be distributed as dividends to shareholders if there is any surplus. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders' meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, authorizes the board of directors to present at least two-thirds of the directors and a resolution of more than half of the directors present to distribute all or part of the dividends and bonuses to be paid in cash, and report to the shareholders meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends.

C. Special reserve

- ① When the Company distributes earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date of the year in order to distribute the earnings.

- ② When the Company first adopted IFRSs, the special reserve of NT\$7,745 was provided for in accordance with FSC No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of or reclassifies the related assets, the Company reverses the percentage of the special reserve originally provided for.

D. On July 2, 2021, the shareholders' meeting resolved not to distribute earnings because there was no profit in the final accounts of 2020. On March 23, 2022, the Board of Directors decided to distribute the year ended December 31, 2021 surplus as a cash dividend of \$84,940 (NTD0.95 per share), which has not yet been distributed (listed in "Other Payables").

(24) Operating revenue

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Customer contract revenue	<u>\$ 1,152,118</u>	<u>\$ 707,915</u>

A. Segmentation of revenue from contracts with customers.

The Group's revenue is recognized when the source is shifted at a point in time and as it is provided over time, revenue can be subdivided into the following major categories of goods or services :

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Revenue from sales of screws	\$ 400,367	\$ 144,946
Revenue from scrap iron	336,915	332,497
Contracting revenue	179,124	79,534
Logistics and transport revenue	67,592	51,874
Revenue from electricity sales	55,112	27,735
Project revenue	46,187	31,273
Labor service operation revenue	12,587	13,312
Others	54,234	26,744
	<u>\$ 1,152,118</u>	<u>\$ 707,915</u>

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Cut-off point of revenue recognition		
revenue recognized at a particular point in time	\$ 1,037,067	\$ 635,055
revenue recognized gradually over time	<u>115,051</u>	<u>72,860</u>
	<u>\$ 1,152,118</u>	<u>\$ 707,915</u>

B. The Group recognized contract liabilities related to revenue from customer contracts as follows: :

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>January 1, 2021</u>
Contractual Asset- Current.	<u>\$ 8,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Contractual Liabilities -
current.

Unearned receipts	<u>\$ 199,591</u>	<u>\$ 179,154</u>	<u>\$ 4,524</u>	<u>\$ 15,724</u>
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- ① The opening contract liabilities were recognized in income of NT\$4,655 and NT\$14,587 for the months of January to March, 2022 and 2021, respectively.

② Outstanding long-term contracts

For the date ended March 31 2022, December 31 2021 and March 31 2021, the amortized contract costs of the unfulfilled part of the long-term contracts signed by the Group and customers were NT\$200,150、NT\$237,955 and NT\$0, respectively. The management expects that the amortized transaction price of the outstanding performance obligations as of March 31 2022, December 31 2021 and March 31 2021 will be recognized as revenue in 2022 and 2023.

Except for the abovementioned contracts, all other contracts of the Group are contracts of less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(25)Interest income

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Interest from bank deposits	\$ 5	\$ 13
Interest income from financial assets measured at amortized cost	47	56
Other interest incomes	<u>26</u>	<u>3</u>
	<u>\$ 78</u>	<u>\$ 72</u>

(26)Other income

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Lease income	\$ 190	\$ 190
Other income	<u>1,394</u>	<u>210</u>
	<u>\$ 1,584</u>	<u>\$ 400</u>

(27)Other gains or losses

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 594	\$ 785
Net gain on disposal of property, plant and equipment	500	-
Net foreign currency exchange (loss) gain	19,895	(1,106)
Other losses	<u>(92)</u>	<u>(10)</u>
	<u>\$ 20,897</u>	<u>(\$ 331)</u>

(28)Financial costs

	<u>January to March of 2022</u>		<u>January to March of 2021</u>	
Interest expense				
Bank Loans	\$	2,810	\$	2,637
Convertible bonds		25		16
Lease liabilities		313		32
	\$	<u>3,148</u>	\$	<u>2,685</u>

(29)Additional information on the nature of expenses

	<u>January to March of 2022</u>			<u>January to March of 2021</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Employee benefits	\$ 72,957	\$ 30,360	\$ 103,317	\$ 40,132	\$ 15,712	\$ 55,844
Depreciation	\$ 15,544	\$ 4,454	\$ 19,998	\$ 12,317	\$ 3,954	\$ 16,271
Amortization expense	\$ -	\$ 61	\$ 61	\$ -	\$ 24	\$ 24

(30)Employee benefits expens

	<u>January to March of 2022</u>			<u>January to March of 2021</u>		
	<u>Operating Costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating Costs</u>	<u>Operating expenses</u>	<u>Total</u>
Salary expense	\$ 62,881	\$ 25,240	\$ 88,121	\$ 34,143	\$ 12,443	\$ 46,586
Employee Compensation Costs	-	1,098	1,098	-	1,079	1,079
Labor and health insurance expenses	5,893	1,559	7,452	3,536	1,092	4,628
Pension expense	2,495	807	3,302	1,402	464	1,866
Other personnel expenses	1,688	1,656	3,344	1,051	634	1,685
	<u>\$ 72,957</u>	<u>\$ 30,360</u>	<u>\$ 103,317</u>	<u>\$ 40,132</u>	<u>\$ 15,712</u>	<u>\$ 55,844</u>

A.In accordance with the Company's Articles of Incorporation, the Company shall contribute 1% to 3% of the current year's profitability as compensation to employees and not more than 3% as compensation to directors and supervisors. However, where

there are accumulated losses, an equivalent amount shall be appropriated to compensate for the losses. Employees may be paid in stock or cash. The distribution of employees' remuneration and directors' and supervisors' remuneration shall be made by a resolution of the board of directors with at least two-thirds of the directors present and a majority of the directors present, and reported to the shareholders' meeting.

The above-mentioned profit status for the year refers to the income before taxation before the distribution of employees' remuneration and directors' and supervisors' remuneration.

- B. The Company's estimated amounts of employees' remuneration for three months ended March 31, 2022 were NT\$1,556 respectively; the estimated amounts of directors' remuneration are NT\$3,113 respectively. Information on employees' remuneration and directors' remuneration approved by the Company's board meeting. The board resolution on March 23, 2022 approved the actual distribution of employee and director remuneration of NT\$1,850 and NT\$3,701, the difference from the employee of \$1,887 remuneration and the director compensation of \$3,701 recognized in the 2021 financial report is \$37. The main series of calculation differences are to be adjusted in the profit and loss of 2022. Due to losses from January to March 2021, the company did not estimate and disburse employee compensation and director and supervisor compensation.

Information on employees' remuneration and directors' remuneration approved by the Company's board meeting can be found on the MOPS.

(31)Income tax

- A. Income tax expense(benefit) components.. :

① Income tax expense(benefit) components. :

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Current income tax :		
Current tax on profits for the year	\$ 3,761	\$ 1,636
Deferred income tax :		
Generation and reversal of temporary differences	16,270	(6,278)
Income tax expense(benefit)	<u>\$ 20,031</u>	<u>(\$ 4,642)</u>

- B. The Company's income tax has been approved by the tax authorities until 2020, and no administrative relief has been provided as of May 11, 2022.

(32)Earnings(loss) per share

	<u>January to March of 2022</u>	
	<u>Amount</u>	<u>Weighted average share outstanding (thousand shares)</u>
	<u>After tax</u>	<u>(NT\$)</u>
<u>Basic earning per share</u>		
Net income attributable to equity holders of the parent company for the period	<u>\$ 81,183</u>	<u>88,956</u>
		<u>\$ 0.91</u>

Diluted earning per share

Net income attributable to equity holders of the parent company for the period	\$	81,183	88,956	
Effect of dilution				
Effect of dilution		–	83	
Bonds payable		<u>20</u>	<u>242</u>	
Net income attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary share	\$	<u>81,203</u>	<u>89,281</u>	<u>\$ 0.91</u>

January to March of 2021

	Amount after tax	Weighted average share outstanding (thousand shares)	Loss per share (NT\$)
<u>Basic and diluted loss per share</u>			
Net loss attributable to equity holders of the parent company for the period	<u>(\$ 5,828)</u>	<u>60,625</u>	<u>(\$ 0.10)</u>

(Note) The convertible bonds of January to March 2021 were excluded from the calculation of diluted loss per share because of their antidilutive effect.

(33)Supplemental cash flow information

A. Investing activities with only partial cash receipts and payments: :

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
① Acquisition of property, plant and equipment	\$ 33,414	\$ 3,255
Add: Bills payable at beginning of period - related parties	23,255	–
Other payables at the beginning of the period	12,047	154
Less: Notes payable at end of period (- related parties	32,118)	–
Other payables at the end of the period	<u>(5,617)</u>	<u>(154)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 30,981</u>	<u>\$ 3,255</u>

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
② Disposal of property, plant and equipment	\$ 500	\$ –
Add: Bills receivable at the beginning of the period	52,175	51,011

Long-term notes and accounts receivable at the beginning of the period	–	50,600
Less: Notes receivable at the end of the period	(36,800)	(52,407)
Long-term notes and accounts receivable at the end of the period	–	(36,800)
Cash receipts from disposal of property, plant and equipment	<u>\$ 15,875</u>	<u>\$ 12,404</u>

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
③ Disposal of other non-current assets	\$ –	\$ –
Add: Bills receivable at the beginning of the period	–	4,189
Less: Notes receivable at the end of the period	–	(2,793)
Cash receipts from disposal of other non-current assets	<u>\$ –</u>	<u>\$ 1,396</u>

B. Investing and financing activities that do not affect cash flows :

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
① Transfer of prepayments for equipment to property, plant and equipment	<u>\$ 2,910</u>	<u>\$ 35,211</u>
② Conversion of convertible bonds into capital stock and capital surplus	<u>\$ 6,276</u>	<u>\$ 62,815</u>
③ Number of declared cash dividends	\$ 84,940	\$ –
Less: dividends payable at the end of the period (listed under “other payables”)	(84,940)	–
	<u>\$ –</u>	<u>\$ –</u>

(34) Changes in liabilities arising from financing activities

	<u>Short-term Loans</u>	<u>Short-term bills payable</u>	<u>Lease liabilities</u>	<u>Bonds payable (including the Due 1 year)</u>	<u>Long-term loans ((including the Due 1 year))</u>	<u>Guarantee deposits received</u>	<u>Total liabilities arising from financing activities</u>
January 1, 2022	\$428,783	\$ 88,766	\$ 100,252	\$ 6,757	\$ 104,865	\$ 21,334	\$ 750,757
Net change in financing cash flows	(40,954)	800	(3,169)	–	99,855	8,572	65,104
Other non-cash transactions	–	(10)	1,229	(6,251)	–	–	(5,032)
March 31 2022	<u>\$387,829</u>	<u>\$ 89,556</u>	<u>\$ 98,312</u>	<u>\$ 506</u>	<u>\$ 204,720</u>	<u>\$ 29,906</u>	<u>\$ 810,829</u>

	Short-term <u>Loans</u>	Short-term bills <u>payable</u>	Lease <u>liabilities</u>	Bonds <u>Payable</u>	Long-term loans (including the <u>Due 1 year))</u>	Total liabilities arising from <u>financing activities</u>
January 1, 2021	\$ 547, 289	\$ 60, 000	\$ 8, 627	\$ 81, 844	\$ 349, 977	\$ 1, 047, 737
Net change in financing cash flows	(144, 814)	-	(2, 829)	-	(190, 519)	(338, 162)
Other non-cash transactions	-	-	32	(62, 799)	-	(62, 767)
March 31 2021	<u>\$ 402, 475</u>	<u>\$ 60, 000</u>	<u>\$ 5, 830</u>	<u>\$19, 045</u>	<u>\$ 159, 458</u>	<u>\$ 646, 808</u>

7、Related party transaction

(1) Name and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Chun Yu Works & Co., Ltd.	Other related parties
Chun Zu Machinery Industry	Other related parties
Chun Bang Precision Co.,Ltd.	Other related parties
Quintain Steel Co.,Ltd.	Other related parties
TMPCO Steel Co.,Ltd	Other related parties
Gloria Material Technology Corp	Other related parties
S-TECH Corp.	Other related parties
TSG sportsmarketing company limited	Other related parties
Golden Win Steel Industrial Corp.	Other related parties

(2) Significant transactions with the related parties

A. Sale of goods

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Product sales :		
Gloria Material Technology Corp	\$ 205, 487	\$ 85, 330
Other related parties	<u>44, 308</u>	<u>24, 729</u>
	<u>\$ 249, 795</u>	<u>\$ 110, 059</u>

Transaction price: Negotiated price for both related and unrelated parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for non-related parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchase of goods

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Product Purchase: :		
Chun Yu Group	<u>\$ 165,100</u>	<u>\$ 96,984</u>

Transaction price: Negotiated price for both related and unrelated parties.

Payment terms (period): The terms of purchase transactions from related parties are generally similar to those of general suppliers, with an average payment period of one to three months, but the payment period may be extended by mutual agreement depending on the availability of funds.

C. Property transaction

① Acquisition of property, plant and equipment :

	<u>Item</u>	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Chun Zu Machinery Industry	Machine	\$ 15,444	\$ -
Chun Bang Precision Co., Ltd.	Others	178	-
		<u>\$ 15,622</u>	<u>\$ -</u>

The Group purchases property, plant and equipment from related parties through negotiated price

② Disposal of property, plant and equipment :

	<u>Item</u>	<u>January to March of 2022</u>	<u>January to March of 2021</u>
		<u>Proceeds from disposal</u>	<u>Gains (losses) from disposal</u>
Chun Yu Works & Co., Ltd.	Machine	<u>\$ 500</u>	<u>\$ 500</u>

There were no such events as January to March of 2021.

D. Tooling and repair costs (included in “Operating costs” and “Other non-current assets - other”)

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Other related parties	<u>\$ 6,329</u>	<u>\$ 6,015</u>

E. Accounts receivable

	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>
Gloria Material Technology Corp	\$ 106,807	\$ 108,063	\$ 43,754
Other related parties	22,831	20,872	15,224
	<u>\$ 129,638</u>	<u>\$ 128,935</u>	<u>\$ 58,978</u>

F. Notes payable

	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>
Chun Zu Machinery Industry Co., Ltd.	\$ 32, 118	\$ 23, 255	\$ 746
Other related parties	3, 741	3, 231	3, 892
	<u>\$ 35, 859</u>	<u>\$ 26, 486</u>	<u>\$ 4, 638</u>

G. Accounts payable

	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>
Chun Yu Works & Co., Ltd.	<u>\$ 90, 608</u>	<u>\$ 133, 318</u>	<u>\$ 68, 947</u>

H. Other accounts payable

	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>
Other related parties	<u>\$ 8, 555</u>	<u>\$ 12, 297</u>	<u>\$ 2, 259</u>

(3) Compensation of key management personnel

	<u>January to March of 2022</u>	<u>January to March of 2021</u>
Salary and other short-term employee benefits	<u>\$ 3, 913</u>	<u>\$ 2, 813</u>

8. Pledged assets

The breakdown of guarantees provided for the Group's assets is as follows :

<u>Assets</u>	<u>March 31 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>	<u>Purpose</u>
Pledged demand deposits (Note 1)	\$ 161, 749	\$ 113, 789	\$ 89, 921	Performance bond, short-term borrowings, short-term notes payable and long-term loan guarantees
Pledged time deposits (Note 1)	6, 031	140, 274	144, 405	Guarantees for short-term and short-term notes payable
Pledged bonds (Note 1)	6, 000	6, 000	9, 000	Guarantee for short-term notes payable
Land (Note 2)	145, 046	145, 046	145, 046	Guarantees for short-term and long-term loans
House and Building – Net (Note 2)	54, 128	54, 765	55, 956	Guarantees for short-term and long-term loans
Machinery (Note 2)	110, 615	112, 037		– Long-term loan guarantee
Transportation quipment (Note 2)	16, 622	–		– Long-term loan guarantee

Investment property (Note 3)	32,452	32,452	Guarantees for short-term and – long-term loans
	<u>\$ 532,643</u>	<u>\$ 604,363</u>	<u>\$ 444,328</u>

(Note 1) The table presents “Financial assets at amortized cost - current” and “Financial assets at amortized cost - non-current”.

(Note 2) “Property, plant and equipment” is listed in the table.

(Note 3) “Listed as Investment property” -- Net.

9. Significant contingent liabilities and unrecognized commitments

(1) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had contracted but not yet paid capital expenditures of \$32,487, \$28,936 and \$500, respectively, for the acquisition of property, plant and equipment.

(2) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had outstanding letters of credit for the purchase of raw materials for which letters of credit had been opened and not yet pledged amounted to \$19,146, \$69,605 and \$142,129 respectively.

(3) As of March 31, 2022, December 31, 2021 and March 31, 2021, the performance bond issued by the bank for the Group's contracting for works were \$517,500, \$309,825 and \$0, respectively.

(4) As of March 31, 2022, the major contracts undertaken by the Group are as follows:

Name of Project	Construction/Service		
Owner	Contract	Contract Amount	Contract Period
Bureau of Environmental Protection of Hsinchu City	Contract operation and management of garbage recycling plant in Hsinchu City	Request for payment based on actual monthly volume processed	2007.2.16~2022.2.
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	\$ 538,255	2021.1.1~2024.6.2
Taiwan Environment Scientific Co., Ltd	Accelerate soil and groundwater pollution remediation work at Kaohsiung Refinery	Request for payment based on actual monthly volume processed	2021.9.21~2022.10.
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22~2041.12

(Note) The Group should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than NT\$967,382. Before the deadline of renovation works (December 31, 2024), the Group should invest at least NT\$560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to the Group, the Group shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government. As of March 31, 2022, the Group's investment amount was NT\$0.

10. Significant catastrophic losses

None such cases.

11. Material Events After the Balance Sheet Date

A. In order to repay bank borrowings and enrich working capital, the board approved the issuance of domestic unsecured convertible corporate bonds on May 11, 2022. The total of the issue is capped at NT\$350,000.

B. In order to repay the borrowings from financial institutions and enrich the working capital to strengthen the company's financial structure, the board of directors approved the cash capital increase plan on May 11, 2022, and plans to issue 10,000,000 new shares for cash capital increase at NT\$10 per share.

12. Others

(I) Capital management

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

(2) Financial instruments

A. Types of financial instrument

For the types of the Group's financial instruments used, please refer to Note 6 and Note 12. (3) Explanation of fair value information.

B. Risk management policies

① The Group's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. In order to reduce the adverse effect of uncertainty on the Group's financial performance, the Group enters into forward exchange rate contracts to hedge the exchange rate risk.

② Risk management is carried out by a central finance department (Group finance) under policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and hedging financial risks by working closely with the Group's operating divisions.

C. Significant financial risks and degrees of financial risks

① Market risk

a. Foreign exchange risk

- (a) The Group's management has established a policy that requires the Group to manage its exposure to exchange rate risk relative to its functional currency. Hedging of its overall exchange rate risk should be performed through the Corporate Finance Department. Exchange rate risk is measured by using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of accounts receivable through highly probable expected transactions of Euro and US dollar expenses.
- (b) The Group uses forward exchange rate transactions to hedge its exposure to exchange rate risk, but does not meet all the criteria for hedge accounting and therefore accounts for financial assets or liabilities measured at fair value through profit or loss.
- (c) The Group engages in operations involving certain non-functional currencies (the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

<u>March 31, 2022</u>			
	<u>Foreign currency</u> <u>(in thousand)</u>	<u>Exchange</u> <u>Rate</u>	<u>Carrying</u> <u>Amount</u>
(Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 2,692	28.63	\$ 77,072
EUR : NTD	13,745	31.92	438,740
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	499	28.63	14,286
EUR : NTD	500	31.92	15,960

<u>Dcember 31, 2021</u>			
	<u>Foreign currency</u> <u>(in thousand)</u>	<u>Exchange</u> <u>Rate</u>	<u>Carrying</u> <u>Amount</u>
((Foreign currency)			
<u>Financial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 9,183	27.68	\$ 254,185
EUR : NTD	10,603	31.32	332,086
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	671	27.68	18,573
EUR : NTD	222	31.32	6,953

<u>March 31, 2021</u>			
	<u>Foreign currency</u> <u>(in thousand)</u>	<u>Exchange</u> <u>Rate</u>	<u>Carrying</u> <u>amount</u>
((Foreign currency:functional currency)			
<u>nancial asset</u>			
<u>Monetary items</u>			
USD : NTD	\$ 7,384	28.54	\$ 210,739
EUR : NTD	1,380	33.48	46,202
<u>Financial liability</u>			
<u>Monetary items</u>			
USD : NTD	161	28.54	4,595
EUR : NTD	27	33.48	904

a.The sensitivity analysis of foreign currency exchange rate risk is calculated

mainly for foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar had strengthened/weakened by 1% against the U.S. dollar and the Euro, all other factors remaining constant, the Group's net income would have increased/decreased by \$3,885 and \$2,013 for January through March of 2022 and 2021 respectively.

- b. The total amount of exchange (loss) gains (both realized and unrealized) recognized from January to March, 2022 and 2021 due to exchange rate fluctuations of the Group's monetary items was 19,895 and (1,106) respectively.

b. price risk

b-1. The Group's equity instruments that are exposed to price risk are financial assets held at fair value through other comprehensive income. In order to manage the price risk of investments in equity instruments, the Group diversifies its investment portfolio in accordance with the limits set by the Group.

b-2. The Group invests primarily in equity instruments issued by domestic companies. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these equity instruments had increased or decreased by 1%, with all other factors held constant, the benefit or loss to shareholders' equity from equity investments measured at fair value through other comprehensive income would have increased or decreased by \$208 and \$445 from January to March 2022 and 2021, respectively; as for the other comprehensive income classified as equity instruments at fair value through other comprehensive income, it is \$2,271 and \$1,222 respectively.

c. Cash flow and fair value interest rate risk

The Group's borrowings are floating-rate financial instruments. Therefore, changes in market interest rates will cause the effective interest rates of debt-type financial instruments to change accordingly, resulting in fluctuations in their future cash flows. This risk is partially offset by cash and cash equivalents held at floating interest rates. With respect to the sensitivity analysis of interest rate risk, a 10% increase/decrease in borrowing rates, with all other factors held constant, would have increased/decreased net income by \$170 and \$143 from January to March 2022 and 2021, respectively, mainly due to the increase/decrease in interest expense as a result of floating rate borrowings.

② Credit risk

- a. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on collection terms.
- b. The management of credit risk is established with a Group perspective. In accordance with the internal credit policy, the Company and each new customer are required to manage and analyze the credit risk before setting the terms and conditions of payment and delivery. 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 utilization of credit limits is regularly monitored.
- c. The Group adopts IFRS 9 to provide the following premise assumptions. When a contractual payment is more than 90 days past due according to the contractual payment terms, the credit risk of the financial asset is considered to have increased significantly

since the original recognition.

- d. In accordance with credit risk management, the Group starts to assess impairment when contractual payments are overdue for a certain number of days in accordance with the contractual payment terms.
- e. The Group estimates the expected credit losses based on the loss ratio method and the allowance matrix by grouping the notes and accounts receivable of customers according to the credit terms, and adjusts the loss ratio based on historical and current information of a specific period to estimate the allowance for losses on notes and accounts receivable by taking into account the prospective future. The following is a summary of the changes in the allowance for losses on notes and accounts receivable for which the Group has adopted the simplified approach:

	January to March 2022		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ <u> – </u>	\$ <u> 23 </u>	\$ <u> 23 </u>

	January to March 2021		
	Notes receivable	Accounts receivable	Total
Balance of beginning and ending period	\$ <u> – </u>	\$ <u> 23 </u>	\$ <u> 23 </u>

③ Liquidity risk

- a. Cash flow forecasting is a process whereby the Finance Department monitors the forecast of the Group's liquidity requirements to ensure that it has sufficient funds to meet its operational needs and maintains sufficient unspent borrowing commitments at all times so that the Group does not breach the relevant borrowing limits or terms.
- b. In the event that the Group holds surplus cash in excess of the working capital management requirements, the Group's Finance Department invests the surplus funds in interest-bearing demand deposits and time deposits in instruments of appropriate maturity or sufficient liquidity to meet the above forecast and to provide sufficient level of dispatch. As of March 31, 2022、December 31, 2021 and March 31, 2021, the Group held money market positions of \$1,142,888、\$675,014 and \$468,296, respectively, which are expected to generate immediate cash flow to manage liquidity risk.
- c. The Group's unutilized borrowings are shown as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Floating rate			
Mature within one year	\$ 1,444,944	\$ 966,217	\$ 506,404
Maturity of more than 1 year	<u>149,176</u>	<u>165,136</u>	<u>192,976</u>
	<u>\$ 1,594,120</u>	<u>\$ 1,131,353</u>	<u>\$ 699,380</u>

- d. The following table shows the Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the

remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>March 31 2022</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 389,821	\$ –	\$ –	\$ –
Short-term bills payable	89,556	–	–	–
Notes payable (including related parties)	63,373	–	–	–
Accounts payable (Including related parties)	433,568		–	–
Other payables	222,817	–	–	–
Lease liabilities	13,195	12,450	32,279	45,798
Corporate bonds payable (Portion due within one year or one business cycle)	508	–	–	–
Long-term loans (including the portion due within one year or one business cycle)	44,271	40,732	57,995	81,586
Guarantee deposits received	–	29,906	–	–

<u>December 31 2021</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				
Short-term borrowings	\$ 430,124	\$ –	\$ –	\$ –
Short-term bills payable	88,766	–	–	–
Notes payable	59,811	–	–	–
Accounts payable (Including related parties)	431,775	–	–	–
Other payables	144,116	–	–	–
Lease liabilities	12,942	12,047	32,219	48,468
Corporate bonds payable (Portion due within one year or one business cycle)	6,801	–	–	–
Long-term loans (including the portion due within one year or one business cycle)	22,300	21,850	28,463	44,232
Guarantee deposits received	–	21,334	–	–

<u>March 31 2021</u>	<u>Less than 1 year</u>	<u>1 to 2 Years</u>	<u>2 to 5 Years</u>	<u>Over 5 Years</u>
Non-derivative financial liabilities				

Short-term borrowings	\$ 404,879	\$ –	\$ –	\$ –
Short-term bills payable	60,000	–	–	–
Notes payable	15,850	–	–	–
Accounts payable (Including related parties)	259,660	–	–	–
Other payables	117,019	–	–	–
Lease liabilities	4,386	934	587	–
Corporate bonds payable	–	24,565	–	–
Long-term loans (including the portion due within one year or one business cycle)	42,718	24,815	97,937	–

(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 available to the enterprise 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: The observable input value of assets or liabilities, directly or indirectly, except for those included in the quoted prices in Level 1. The fair value of the Company's investments in forward exchange contracts are included in this category.

Level 3: Unobservable inputs to assets or liabilities.

B. The Group's financial instruments that are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, other notes receivable, accounts receivable (including related parties), other receivables, financial assets at amortized cost - non-current, refundable deposits, long-term notes receivable, short-term loans, short-term bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, bonds payable (including current portion) and long-term loans (including those due within one year and guarantee deposit received) approximate their fair values.

C. Financial instruments carried at fair value are classified according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy. The related information is as follows:

<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset				
<u>Recurring fair value</u>				
Financial assets at fair value through gain or loss -				
Equity securities	<u>\$ 20,803</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 20,803</u>

Financial assets at fair value
through other comprehensive
income -

Equity securities	<u>\$ 227,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,105</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>

Asset

Recurring fair value

Financial assets at fair value
through gain or loss -

Equity securities	<u>\$ 27,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,206</u>
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Financial assets at fair value
through other comprehensive
income -

Equity securities	<u>\$ 232,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,459</u>
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March 31, 2021

Level 1 Level 2 Level 3 Total

Asset

Recurring fair value

Financial assets at fair value
through gain or loss -

Equity securities	<u>\$ 44,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,527</u>
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Financial assets at fair value
through other comprehensive
income -

Equity securities	<u>\$ 122,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,162</u>
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D. The methods and assumptions used by the Group to measure fair value are described below:

The Group adopt market pricing as the input of fair value (i.e. Level), and the breakdown of the characteristics of the instrument is as follows:

	<u>Listed shares</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net Value

E. There was no transfer between Level 1 and Level 2 from January to March, 2022 and 2021.

F. There were no Level 3 financial instruments from January to March, 2022 and 2021.

(4) Other Information

A. The Group is a multinational enterprise. Due to the outbreak of the COVID-19 pandemic, some countries in Europe and the Americas have implemented various measures to prevent the outbreak, which has affected the export sales to a certain extent. The Group maintains close contact with customers and manufacturers to maintain the continuity of orders, but the

actual extent of the possible impact will depend on the subsequent development of the epidemic in each country.

B. In response to the proliferation of novel coronavirus pandemic and the government's promotion of various pandemic control measures the Group has followed the Guidelines for Business Continuity of Enterprises Responding to Pandemic of Severe Acute Infectious Pneumonia and adopted countermeasures related to workplace health management. The Group's factories are all operating normally, and there is no major impact in all aspects.

13. Additional Disclosures

(In accordance with the regulations, only information from January to March 2022 is disclosed.

(1) Significant transactions information

A. Loans to others: Please refer to Table 1.

B. Endorsement and guarantee for others: None.

C. Marketable securities held at the end of the period: Please refer to Table 2.

D. Purchase or sale of securities amounting to at least NT\$300 million or 20% of the paid-in capital: None.

E. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

F. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

G. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 3.

H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Table 4.

I. Derivative financial instruments: None.

J. Business relationships and significant intercompany transactions between the parent company and subsidiaries: Please refer to Table 5.

(2) Information on investees

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

(3) Information on investments in China : None such cases.

(4) Information on main investors

Information on principal shareholders: Detailed in Table 7.

14. Segments Information

(1) General information

The management of the Group has identified the reportable segments based on the reported

information used by operational decision makers in making decisions. There were no significant changes in the Group's corporate composition, the basis of segmentation and the basis of measurement of segment information during the period.

(2) Departmental information

Information on the reporting segments provided to the chief operating decision maker is shown as follows:

	January to March of 2022			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 401,532	\$ 585,192	\$ 165,394	\$ 1,152,118
Net internal revenue	—	6,164	—	6,164
Interest revenue	71	2	5	78
Depreciation and Amortization	14,673	1,415	3,971	20,059
Interest expense	2,205	20	923	3,148
Departmental net (loss) income before income taxes	107,632	9,525 (	20,400)	96,757
Segment assets	2,018,456	476,222	1,509,387	4,004,065
Segment liabilities	924,216	291,285	550,473	1,765,974

	January to March of 2021			
	Screw Manufacturing Department	Transportation Department	Environmental Business Department	Total
Net external revenue	\$ 145,486	\$ 465,579	\$ 96,850	\$ 707,915
Net internal revenue	—	3,868	217	4,085
Interest revenue	68	1	3	72
Depreciation and Amortization	14,860	341	1,094	16,295
Interest expense	1,888	8	789	2,685
Departmental net (loss) income before income taxes	(24,158)	7,764	6,004 (	10,390)
Segment assets	1,460,060	288,258	689,922	, 438,240
Segment liabilities	625,839	159,895	283,574	1,069,308

(3) Reconciliation of Segment Profit and Loss, Assets and Liabilities

The external revenue reported to the chief operating decision maker is measured in a manner consistent with the revenue in the consolidated statement of income, and the segment profit or loss, total assets and total liabilities provided to the chief operating decision maker are measured in a manner consistent with the Group's consolidated financial statements; therefore, no reconciliation is required.

OFCO Industrial Corp. and subsidiaries

Financing provided to others

January 1 to March 31, 2022

Table 1

Unit: NT\$ thousand

<u>Serial</u> <u>No.</u>	<u>Lender</u>	<u>Borrower</u>	<u>Business</u> <u>relationship</u>	<u>Whether it is</u> <u>a related party</u>	<u>Maximum</u> <u>balance</u>	<u>Ending</u> <u>balance</u>	<u>Transaction</u> <u>Amounts</u>	<u>Interest</u> <u>Rate</u>	<u>Nature of</u> <u>financing</u> <u>provided</u> <u>(Note 1)</u>	<u>Business</u> <u>Transaction</u> <u>Amounts</u>	<u>Reason for</u> <u>the necessity</u> <u>of short-</u> <u>term</u> <u>financing</u> <u>Business</u> <u>development</u> <u>needs</u>	<u>Amount of</u> <u>recognized</u> <u>impairment</u> <u>loss</u>	<u>Collateral</u> <u>Name</u> <u>Value</u>	<u>Lending of funds to</u> <u>individual entities and</u> <u>limit of financing</u> <u>(Note 2)</u>	<u>Total limit of</u> <u>financing</u> <u>(Note 3)</u>	<u>Remark</u> <u>s</u>
0	OFCO Industrial Co.,Ltd. Corp.	Yung Fu	Other receivable- related party	Y	\$ 45,000	\$ 0	\$ -	-	2	\$ -		\$ -	- \$ -	\$ 194,691	\$ 389,382	-

(Note 1) The nature of the loan and the meaning of the code are described as follows:

1. For entities with business transaction relationships.
2. For necessary short-term financing needs.

(Note 2) The amount of funds loaned to another person/entity is subject to individual limits:

1. For companies or firms with which the Company has business dealings, the amount of individual loans shall not exceed the higher of the Company's purchase or sales amount in the most recent year or the current year as of the time of the loan.

2. For companies or firms with short-term financing needs, the amount of individual loans shall not exceed 10% of the Company's most recent audited or reviewed financial statements.

(Note 3) The Company's total loans and transactions and capital financing are each limited to no more than 20% of the Company's most recent audited or reviewed net value.

(Note 4) In accordance with the procedures for lending funds to others, the Board of Directors shall approve and report to the shareholders' meeting for review.

OFCO Industrial Corp. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table III.

March 31, 2022

Table 2

Unit: NT\$ thousand

<u>Holding Company Name</u>	<u>Type and Name of Marketable Securities</u>	<u>Relationship with the Holding Company</u>	<u>Item</u>	<u>December 31, 2020</u>			<u>Fair value</u>	<u>Remarks</u>
				<u>Shares (thousands)</u>	<u>Carrying amount</u>	<u>Percentage of shareholdings</u>		
OFCO Industrial Corp.	Stocks:							
	Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	2,273	\$ 38,186	0.43%	\$ 38,186	—
	Solar Applied Materials Technology Corp.		Financial assets at fair value through other comprehensive income or loss - current	2,748	140,423	0.46%	140,423	
	D-Link Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	1,885	31,764	0.31%	31,764	—
	Jia Jie Biomedical Co.,Ltd.	-	Financial assets at fair value through other comprehensive income or loss - current	1,244	16,732	1.40%	16,732	—
	Fund							
	Amund Fund Global Ecology ESG - U USD (C)		Financial assets at fair value through profit or loss - current	3	5,687	-	5,687	-
Yung Fu Co.,Ltd.	Funds:							
	Amundi TW - Global High Yield Bond Fund	-	Financial assets at FVTPL - Current	36	12,089	-	12,090	—
TSG Transport Corp.	GAM Multistock - Luxury Brands Equity USD E		Financial a Financial assets at FVTPL - Current	-	3,027	-	3,027	

OFCO Industrial Corp. and subsidiaries

Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20 percent of capital stock

January 1 to March 31, 2022

Table 3

Unit: NT\$ thousand

Details of non-arm's length transaction										Notes and accounts receivable (payable)	
Transactions											
			Percentage of total						Percentage of		
			Amount purchase						total receivables		
Company Name	Related Party	Relationship	Purchases (Sales)	Amount	(Sales)	Term	Unit Price	Term	Balance	(payable)	Note
Ofco Industrial Corp.	Chun Yu Group	Other related parties	Purchase	\$ 165,100	100%	Month end 30days	Not significantly different	Not significantly different	(\$ 90,608))	(59%)	—
TSG Transport Corp	Gloria Material Technology Corp.	Other related parties	Sales	(201,427)	(34%)	Month end 30days	Not significantly different	Not significantly different	105,621	34%	—

OFCO Industrial Corp. and subsidiaries

Receivables from related parties reaching \$100 million or 20% of the Company's paid-in capital

March 31, 2022

Table 4

Unit: NT\$ thousand

<u>Company Name</u>	<u>Name of the counterparty</u>	<u>Relationship</u>	<u>Amount of account receivable</u>	<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for Creditor doubtful accounts</u>
					<u>Amount</u>	<u>Action taken</u>		
TSG Transport Corp	Gloria Material Technology Corp	Other related party	\$ 105,621	7.59	\$ -	-	\$ 57,656	\$ -

OFCO Industrial Corp. and subsidiaries
Significant inter-company transactions during the reporting periods

January 1 to March 31, 2022

Table 5

Unit: NT\$ thousand

<u>Code (Note 1)</u>	<u>Transaction Company</u>	<u>Counterparty</u>	<u>Relationship with the counter-party</u> <u>(Note 2)</u>	<u>Transaction</u>		<u>Transaction Terms</u>	<u>Percentage of consolidated total operating revenues</u> <u>or total assets (Note 3)</u>	<u>Remarks</u>
				<u>Item</u>	<u>Amount</u>			
1	TSG Transport Corp.	OFCO Industrial Corp.	2	Sales	\$ 6,164	Credit terms: 40 days	1%	
				Accounts receivable	4,142	-	-	
2	YUNG FU CO., LTD	TSG POWER CORP.	3	Sales	6,854	by mutual agreement	1%	
				Accounts receivable	24,290		1%	
				contract assets	12,544		-	

(Note 1) Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be filled in as follows

1. The parent company should fill in 0.
2. Subsidiaries are numbered by company, starting from the Arabic numeral 1.

(Note 2) There are three types of relationships with the counter-parties, and the types can be indicated as follows

1. Parent company to subsidiary company.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities and as the cumulative amount to consolidated total revenue in the case of profit or loss.

OFCO Industrial Corp. and subsidiaries

Names, locations and other information of investee companies (not including investees in China)

January 1 to March 31, 2022

Table 6

Unit: NT\$ thousand

<u>Investor</u>	<u>Investor Company</u>	<u>Location</u>	<u>Main Businesses and Products</u>	<u>Investment Amount</u>		<u>Shares held at year end</u>			<u>(Loss) income of investees for the period</u>	<u>(Gain) loss on investment recognized in the period</u>	<u>Remarks</u>
				<u>End of the current period</u>	<u>End of Last Year</u>	<u>Shares (share)</u>	<u>Ratio (%)</u>	<u>Carrying Amount</u>			
OFCO Industrial Corp.	TSG Transport Corp	Taiwan	Container rental, transportation and packing services	\$ 110,000	\$ 110,000	12,000,000	100%	\$ 189,128	\$ 12,612	\$ 12,612	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	10,000	10,000	1,000,000	100%	15,510	148	148	Subsidiary
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	427,301	47,530,588	67.15%	654,010	(16,602)	(12,103)	Subsidiary
TSG Transport Corp	Titan Insurance Broker Oo.,Ltd	Taiwan	Engage in property and personnel insurance Brokers and other services	19,754	19,754	500,095	20.00%	19,958	259	-	(Note)
	Yung Fu Co.,Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	237,956	0.34%	2,380	(16,602)	-	Subsidiary (Note)

TSG Environmental Technology Corp.	Titan Insurance Broker Oo.,Ltd	Taiwan	Engage in property and personnel insurance	1, 718	1, 718	43, 527	1. 74%	1, 735	259	-	(Note)
	Yung Fu Co.,Ltd.	Taiwan	Brokers and other services								
			Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	3, 637	3, 637	363, 750	0. 51%	3, 637	(16, 602)	-	Subsidiary (Note)
Yung Fu Co.,Ltd.	TSG Power Corp.	Taiwan	Energy technology services	130, 000	100, 000	13, 000, 000	100%	91, 358	226	-	Subsidiary (Note)

(Note) The amount of investment income (loss) recognized in the current period is exempt from disclosure.

OFCO Industrial Corp. and subsidiaries

Information on main investors

March 31, 2022

Table 7

Unit: Shares

<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Percentage of shareholdings</u>	<u>Remarks</u>
Taiwan Steel Group	13,378,385	14.96%	(Note 2)
E-Sheng Steel Co., Ltd.	5,000,000	5.59%	(Note 2)
E-Top Metal Co., Ltd.	5,000,000	5.59%	(Note 2)

(Note 1) The information of major shareholders in this table is based on the last business day at the end of each quarter, and the information of shareholders holding at least 5% of the total common shares and preferred shares of the Company that have been delivered without physical registration (including treasury shares).

The share capital recorded in the Company's financial statements and the Company's actual number of shares delivered with dematerialized registration completed may be different due to different calculation bases.

(Note 2) The basis for calculating the percentage of shareholding includes the number of shares of the bond conversion certificates.