

**JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT AUDITORS**  
**FOR THE THREE-MONTH PERIODS ENDED**  
**MARCH 31, 2022 AND 2021**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation

Review Report of Independent Auditors

To Jia Wei Lifestyle, Inc.

## **Introduction**

We have audited the accompanying consolidated balance sheets of Jia Wei Lifestyle, Inc. (the “Company”) and its subsidiaries as of 31 March 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

## **Scope of Review**

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China 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 and the review reports of other independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of 31 March 2022 and 2021, and its consolidated financial performance and cash flows for the three-month periods ended March 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chen, Cheng-Chu

Lee, Fang-Wen

Ernst & Young, Taiwan

13 May 2022

### Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of Consolidated Financial Statements Originally issued in Chinese

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

(Only reviewed on 31 March 2022 and 2021, not verified in accordance with generally accepted auditing standards)

(Amounts in thousands of New Taiwan Dollars)

Assets	Notes	31 March 2022		31 December 2021		31 March 2021		Liabilities and Equity	Notes	31 March 2022		31 December 2021		31 March 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets</b>								<b>Current liabilities</b>							
Cash and cash equivalents	4,6(1),12	\$321,087	6	\$193,740	4	\$677,993	14	Short-term loans	6(7),12	\$1,438,430	28	\$1,369,554	27	\$1,019,770	22
Accounts receivable, net	4,6(2),12	1,105,068	21	986,688	20	1,010,691	21	Contract liabilities, current	4,6(12),12	11,141	0	17,732	0	4,521	0
Other receivables	4,12	24,785	0	5,580	0	13,823	0	Accounts payable	4,12	120,351	2	212,796	4	112,084	2
Current tax assets	4	8,456	0	8,456	0	932	0	Other payables	4,6(9)	568,531	11	390,592	8	961,524	20
Inventories	4,6(3)	1,177,360	23	1,276,181	25	728,004	15	Current tax liabilities	4	32,835	1	18,363	0	10,532	0
Advance Payment	4,6(4)	104,497	2	109,762	2	41,255	1	Provisions	4	35,717	1	22,520	0	11,384	0
Other financial assets, current	8,12	323,350	7	370,290	7	136,130	3	Lease liabilities-Current	4,6(14)	13,772	0	10,268	0	5,997	0
Other current assets		390	0	-	-	-	-	Advance Receipts		-	-	-	-	59	0
<b>Total current assets</b>		<b>3,064,993</b>	<b>59</b>	<b>2,950,697</b>	<b>58</b>	<b>2,608,828</b>	<b>54</b>	Current portion of long-term loans	6(8),12	267,439	5	269,845	5	339,645	8
								Other current liabilities		15,829	0	4,983	1	13,183	0
<b>Non-current assets</b>								<b>Total current liabilities</b>		<b>2,504,045</b>	<b>48</b>	<b>2,316,653</b>	<b>45</b>	<b>2,478,699</b>	<b>52</b>
Property, plant and equipment	4,6(5),8	885,417	17	860,459	17	888,038	19	<b>Non-current liabilities</b>							
Right-of-use assets	4,6(14)	95,681	2	89,671	2	73,990	2	Long-term loans	6(8),12	337,030	7	447,000	9	697,764	15
Intangible assets	4,6(6)	1,041,205	20	1,046,816	21	1,086,383	23	Deferred tax liabilities	4	5,202	0	-	-	12,148	0
Deferred tax assets	4	71,659	2	109,617	2	100,931	2	Lease liabilities-Non current	4,6(14),12	29,906	1	28,512	1	14,828	0
Refundable deposits	12	7,702	0	8,343	0	3,338	0	<b>Total non-current liabilities</b>		<b>372,138</b>	<b>8</b>	<b>475,512</b>	<b>10</b>	<b>724,740</b>	<b>15</b>
Other non-current assets		183	0	3,312	0	3,382	0	<b>Total liabilities</b>		<b>2,876,183</b>	<b>56</b>	<b>2,792,165</b>	<b>55</b>	<b>3,203,439</b>	<b>67</b>
<b>Total non-current assets</b>		<b>2,101,847</b>	<b>41</b>	<b>2,118,218</b>	<b>42</b>	<b>2,156,062</b>	<b>46</b>	<b>Equity attributable to the parent company</b>	6(11)						
								Capital							
								Common stock		803,004	15	803,004	16	723,004	15
								Additional paid-in capital		682,138	13	682,138	14	149,027	3
								Retained earnings							
								Legal Reserve		146,727	3	124,150	2	18,791	0
								Special Reserve		28,067	1	37,984	1	-	-
								Undistributed earnings		646,441	12	657,541	13	692,959	15
								<b>Total retained earnings</b>		<b>821,235</b>	<b>16</b>	<b>819,675</b>	<b>16</b>	<b>711,750</b>	<b>15</b>
								Other equity		(15,720)	0	(28,067)	(1)	(22,330)	(0)
								<b>Total equity</b>		<b>2,290,657</b>	<b>44</b>	<b>2,276,750</b>	<b>45</b>	<b>1,561,451</b>	<b>33</b>
<b>Total assets</b>		<b>\$5,166,840</b>	<b>100</b>	<b>\$5,068,915</b>	<b>100</b>	<b>\$4,764,890</b>	<b>100</b>	<b>Total liabilities and equity</b>		<b>\$5,166,840</b>	<b>100</b>	<b>\$5,068,915</b>	<b>100</b>	<b>\$4,764,890</b>	<b>100</b>

(The accompanying notes are an integral part of the consolidated financial statements.)

English translation of Consolidated Financial Statements originally issued in Chinese  
 JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 For the three-month periods ended March 31, 2022 and 2021  
 (Only reviewed, not checked in accordance with generally accepted auditing standards)  
 (Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	Notes	For the three-month periods ended March 31, 2022		For the three-month periods ended March 31, 2021	
		Amount	%	Amount	%
Operating Revenue	4,6(12),7	\$2,035,018	100	\$1,474,280	100
Operating costs	4,6(3)	(1,348,891)	(66)	(906,381)	(61)
Gross profit		686,127	34	567,899	39
Operating expenses	4,6(15)				
Sales and marketing expenses		(270,551)	(13)	(185,506)	(13)
General and administrative expenses		(118,638)	(6)	(92,559)	(6)
Research and development expenses		(29,838)	(1)	(29,576)	(2)
Expected credit impairment gains (losses)	4,6(13)	3,712	0	(5,401)	(0)
Subtotal		(415,315)	(20)	(313,042)	(21)
Operating income		270,812	14	254,857	18
Non-operating income and expenses	4,6(16)				
Interest income		173	0	101	0
Other income		1,334	0	63	0
Other gains and (losses)		45,597	2	(2,355)	(0)
Finance costs		(8,226)	(0)	(8,340)	(1)
Subtotal		38,878	2	(10,531)	(1)
Income from continuing operations before income tax		309,690	16	244,326	17
Income tax (expense)	4,6(18)	(67,229)	(3)	(10,571)	(1)
Profit from continuing operations		242,461	13	233,755	16
Net Income		242,461	13	233,755	16
Other comprehensive income	4,6(17)				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		12,347	1	(7,298)	(0)
Total comprehensive income		\$254,808	14	\$226,457	16
Net income attributable to:					
Stockholders of the parent		\$242,461	13	\$233,755	16
Non-controlling interests		-	-	-	-
		\$242,461	13	\$233,755	16
Comprehensive income attributable to:					
Stockholders of the parent		\$254,808	14	\$226,457	16
Non-controlling interests		-	-	-	-
		\$254,808	14	\$226,457	16
Earnings per share (NTD)	6(19)				
Earnings per share-basic		\$3.02		\$3.23	
Earnings per share-diluted		\$3.01		\$3.23	

(The accompanying notes are an integral part of the consolidated financial statements.)

English translation of Consolidated Financial Statements originally issued in Chinese  
JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the three-month periods ended March 31, 2022 and 2021  
(Only reviewed, not checked in accordance with generally accepted auditing standards)  
(Amounts in thousands of New Taiwan Dollars)

Items	Equity Attributable to the Parent Company						Total	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Equity		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Differences on Translation of Foreign Operations		
Balance as of 1 January 2021	\$723,004	\$149,027	\$18,791	-	\$723,100	(\$15,032)	\$1,598,890	\$1,598,890
Cash dividends	-	-	-	-	(263,896)	-	(263,896)	(263,896)
Net income for the three-month period ended March 31 2021	-	-	-	-	233,755	-	233,755	233,755
Other comprehensive income (loss) for the three-month period ended March 31 2021	-	-	-	-	-	(7,298)	(7,298)	(7,298)
Total comprehensive income	-	-	-	-	233,755	(7,298)	226,457	226,457
Balance as of 31 March 2021	<u>\$723,004</u>	<u>\$149,027</u>	<u>\$18,791</u>	<u>-</u>	<u>\$692,959</u>	<u>(\$22,330)</u>	<u>\$1,561,451</u>	<u>\$1,561,451</u>
Balance as of 1 January 2022	\$803,004	\$682,138	\$124,150	\$37,984	\$657,541	(\$28,067)	\$2,276,750	\$2,276,750
Legal reserve	-	-	22,577	-	(22,577)	-	-	-
Special Reserve	-	-	-	(9,917)	9,917	-	-	-
Cash dividends	-	-	-	-	(240,901)	-	(240,901)	(240,901)
Net income for the three-month period ended March 31 2022	-	-	-	-	242,461	-	242,461	242,461
Other comprehensive income (loss) for the three-month period ended March 31 2022	-	-	-	-	-	12,347	12,347	12,347
Total comprehensive income	-	-	-	-	242,461	12,347	254,808	254,808
Balance as of 31 March 2022	<u>\$803,004</u>	<u>\$682,138</u>	<u>\$146,727</u>	<u>\$28,067</u>	<u>\$646,441</u>	<u>(\$15,720)</u>	<u>\$2,290,657</u>	<u>\$2,290,657</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English translation of Consolidated Financial Statements originally issued in Chinese  
**JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the three-month periods ended March 31, 2022 and 2021  
(Only reviewed, not checked in accordance with generally accepted auditing standards)  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Items	For the three-month periods ended March 31, 2022	For the three-month periods ended March 31, 2021
Cash flows from operating activities:		
Net income before tax	\$309,690	\$244,326
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments :		
Depreciation	18,877	16,123
Amortization	12,378	12,015
Expected credit impairment (gains) losses	(3,712)	5,401
Interest expense	8,226	8,340
Interest income	(173)	(101)
Gain from price recovery of inventory	(13,071)	(6,939)
Other expenses transferred from Intangible assets	-	325
Changes in operating assets and liabilities:		
Accounts receivable (Increase)	(116,549)	(122,414)
Other receivables (Increase)	(19,206)	(2,667)
Inventories Decrease	110,467	154,943
Advance payment Decrease	5,265	27,110
Other current assets (Increase)	(390)	-
Contract liabilities (Decrease)	(6,591)	(6,031)
Accounts payable (Decrease)	(92,445)	(24,201)
Other payables (Decrease)	(42,774)	(33,218)
Provisions Increase (Decrease)	13,197	(5,092)
Advance receipts (Decrease)	-	(7,208)
Other current liabilities Increase	10,846	10,275
Cash generated from operations	<u>194,035</u>	<u>270,987</u>
Interest received	174	102
Income tax paid	(12,683)	(6,797)
Net cash provided by operating activities	<u>181,526</u>	<u>264,292</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(7,326)	(35,118)
Increase in refundable deposits	641	-
Decrease (Increase) in Other financial assets	46,940	(9,366)
Decrease (Increase) in other noncurrent assets-others	3,129	(344)
Net cash provided by (used in) investing activities	<u>43,384</u>	<u>(44,828)</u>
Cash flows from financing activities:		
Increase in short-term loans	68,876	239,369
Increase in long-term loans	-	31,409
Decrease in long-term loans	(112,376)	-
Cash payments for the principal portion of the lease liability	(3,047)	(1,497)
Cash dividends	-	(169,906)
Interest paid	(28,414)	(8,383)
Net cash (used in) provided by financing activities	<u>(74,961)</u>	<u>90,992</u>
Effect of exchange rate changes on cash and cash equivalents	(22,602)	(2,074)
Net Increase in cash and cash equivalents	127,347	308,382
Cash and cash equivalents at beginning of year	193,740	369,611
Cash and cash equivalents at end of year	<u>\$321,087</u>	<u>\$677,993</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Financial Statements Originally Issued in Chinese  
**JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 and 2021**  
(Only reviewed, not checked in accordance with generally accepted auditing standards)  
(Amounts in thousands of New Taiwan Dollars unless otherwise Stated)

1. History and organization

Jia Wei Lifestyle, Inc. (the Company) was incorporated on 21 April 2005. The main activities are manufacturing and selling optical products. The Company's common shares were publicly listed on the Taipei Exchange (TPEX) on 17 February 2008. Due to business needs, its registered office and the main business location were moved to the 14F.-4, No. 296, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) on 14 August 2019, it was approved that the company name was changed to Jia Wei Lifestyle, Inc by the Ministry of Economy Letter on 5 November 2019. The main business project is the design, development, manufacturing and sales of household products.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years three-month periods ended March 31, 2022 and 2021 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 13 May 2022.

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after 1 January 2022. The nature and the impact of each new standard and amendment have no material effect on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies - Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023



- (a) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

- (b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard - IFRS 4 Insurance Contracts - from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current - Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies - Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates - Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2022 and 2021 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS34 "Interim Financial Reporting" which is endorsed and become effective by FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT\$") unless otherwise stated.

### (3) Basis of consolidation

#### Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee
- (b) rights arising from other contractual arrangements
- (c) the Group's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognizes the carrying amount of any non-controlling interest;
- (c) recognizes the fair value of the consideration received;
- (d) recognizes the fair value of any investment retained;
- (e) recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			31 Mar 2022	31 Dec 2021	31 Mar 2021
The Company	Gamma Optical Investment (Samoa) Co., Ltd. (GOI)	Investment holding	— (Note 1)	— (Note 1)	100%
The Company (Note 2)	Achieve Goal Limited (AG)	Investment holding	100%	100%	— (Note 2)
The Company (Note 3)	Golden Star Ocean Ltd (GS)	Investment holding	100%	100%	100%
The Company (Note 4)	Freshlink Product Development, LLC DBA PREPARA (PREPARA)	Design, development and sales of household products	100%	100%	100%
The Company (Note 5)	First Design Global, Inc (FDG)	International trade	99.80%	99.59%	99.59%
AG (Note 2)	Tzehg Shyng Plastic Product (Heyuan) Co., Ltd. (TSP)	Design and production of household products	100%	100%	100%
AG (Note 2)	Zhengxin Melamine Products (Heyuan) Co., Ltd. (TSM)	Design and production of household products	100%	100%	100%
GS (Note 3)	Tzeng Shyng Industries Corporation. (Seychelles) (TZ)	International trade	100%	100%	100%
GS	Widely Watched Limited	Design and international trade	— (Note 6)	— (Note 6)	100% (Note 3)
GS	Bright Wing Global CO., LTD	International trade	— (Note 7)	— (Note 7)	100% (Note 3)
GS	First Design Global, Inc	International trade	0.20%	0.41%	0.41%

Note : The company acquired Golden Star Ocean Ltd and Achieve Goal Limited through an investment agreement on 5 June 2019 and acquired 100% equity of Freshlink Product Development, LLC DBA PREPARA through an investment agreement on 18 July 2019. By investment agreement was controlled on 1 August 2019, so it was included in the consolidated entity and the Golden Star Ocean Ltd. and Achieve Goal Limited 100% owned subsidiaries are also included in the consolidated entity.

Note 1 : The liquidation and dissolution procedures were completed on 7 September 2021 and the remaining shares of NTD 15,360 thousand were repatriated.

Note 2 : The company adjusted its operating strategy and acquired the 100% equity of Achieve Goal Limited held by Golden Fame Co., Ltd. from Golden Fame Co., Ltd. on 17 April 2019 by the board of directors and on 28 May 2019 by shareholders' meeting. An investment agreement was signed for an acquisition contract on 5 June 2019, and the transaction amount was not higher than USD 23,600 thousand. The company approved the amount of USD 23,600 thousand according to the investment review committee of the Ministry of Economic Affairs. As of 31 March 2021, the Group has remitted the equivalent of USD 9,600 thousand and transferred 41% of its equity. However, there is a contract agreement between the Group and other voting rights holders. According to the contract agreement, on 1 August 2019, it has the current ability to lead the relevant activities and has the relevant power to control, so it enjoys the rights and obligations of 100% equity. As of 31 March 2022, the Group had an amount of USD 23,600 thousand approved by the Investment Review Committee of the Ministry of Economic Affairs. The equivalent of USD 23,600 thousand has been paid and the transfer procedure has been completed.

Note 3 : The company adjusted its operating strategy and acquired its 100% equity interest in Golden Star Ocean Ltd. from Lucky Star Worldwide Ltd. on 17 April 2019 by the board of directors and on 28 May 2019 by shareholders' meeting on 5 June 2019, an investment agreement was signed for an acquisition contract, and the transaction amount was not higher than USD 57,000 thousand; in addition, on 15 October 2019 the price adjustment mechanism was started to reduce the purchase price to USD 48,500 thousand (equivalent to NT\$ 1,484,100 thousand). As of 31 December 2021, the Company had paid NT\$ 1,484,100 thousand in accordance with the contract, and completed the transfer.

Note 4 : The Group adjusted its operation strategy and acquired 100% equity of Freshlink Product Development LLC. through the resolution of the board of directors on July 3, 2019, and signed an investment agreement to purchase the contract. The transaction amount was USD\$3,500 thousand. The transfer was completed on 26 July 2019, and the money was paid. As of March 31, 2022, the capital increase amounted to USD 6,500 thousand as authorized by the board of directors, and a cash capital increase of USD 6,500 thousand has been completed.

Note 5: Due to the need for the operation and improvement of the financial structure of First Design Global, Inc., the board of directors of the Company authorized cash capital increase of USD5,000 thousand on 31 March 2022 and the amount USD4,000 thousand was paid.

Note 6: The company had completed the liquidation and dissolution procedure on 29 November 2021.

Note 7: The company had completed the liquidation and dissolution procedure on 29 November 2021.

#### (4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

#### (5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

- (a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

#### (6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

## (7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

### i. Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.



Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

#### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

#### ii. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

### iii. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

### iv. Financial liabilities and equity

#### Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

## Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

## Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### (9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

### (10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost on average basis

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Non-current assets for sale

Non-current assets or disposal groups to be sold refer to those who can be sold immediately under general conditions and business practices under current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as for sale and the disposal group are measured by the lower of the carrying amount and fair value less the disposal cost.

Once real estate, plant and equipment and intangible assets are attributed to be sold, they will no longer be depreciated or amortized.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures (before 1 January 2019: IAS 39 Financial Instruments: Recognition and Measurement). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

### (13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.



Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	6~35 years
Machinery and Equipment	5~12 years
Molding Equipment	3~6 years
Other Facilities	1~20 years
Leasehold Improvements	the shorter one of the useful life or lease term

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### (14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether the contract, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

#### Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### (15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditures are reflected in profit or loss for the year in which the expenditures are incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least once at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the service life is changed from non-determined to limited service life, the application will be postponed. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The profit or loss arising from the delisting of intangible assets is recognized as profit or loss.

Patent

The patent right has been granted by the relevant government agency for a ten-year period.

The accounting policies of the Group's intangible assets are summarized as follows:

Category	Patent	Computer software	Customer relations	Human Resources	Other
Finite lives	8~10 years	3~5 years	11 years	3 years	3~5 years
Amortization method	straight-line basis	straight-line basis	straight-line basis	straight-line basis	straight-line basis
Internally generated or externally acquired	Acquired by mergers and acquisitions	Externally acquired	Acquired by mergers and acquisitions	Acquired by mergers and acquisitions	Externally acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

#### (17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### (18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

##### Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is household products and revenue is recognized based on the consideration stated in the contract.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 180 days. For all of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

(21) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The income tax expenses in the interim period will be accrued and disclosed at the tax rate applicable to the expected total surplus of the current year, which means that the estimated annual average effective tax rate will be applied to the pre-tax benefits in the interim period.

## (22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.



## 5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (1) Inventories

Estimates of net realisable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

#### (2) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

### (3)Accounts receivables-estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise.

### (4)Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

## 6. Contents of significant accounts

### (1) Cash and cash equivalents

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Cash on hand	\$1,700	\$1,268	\$1,258
Checking and saving accounts	319,387	192,472	676,735
Total	<u>\$321,087</u>	<u>\$193,740</u>	<u>\$677,993</u>

### (2) Accounts receivable, net

#### A.

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Account receivables	\$1,178,358	\$1,062,550	\$1,077,989
Less: loss allowance	(73,290)	(75,862)	(67,298)
Total	<u>\$1,105,068</u>	<u>\$986,688</u>	<u>\$1,010,691</u>

B. Accounts receivables were not pledged.

C. The Group assesses impairment in accordance with International Financial Reporting Standards No. 9 requirements. For information about allowance for loss, please refer to Note 6.(13) For information on credit risk, please refer to Note 12.

(3) Inventories

A.

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Work in progress	\$268,922	441,006	\$209,814
Finished goods	474,249	543,275	270,084
Raw Materials and supplies(including in transit)	434,189	291,900	248,106
Total	<u>\$1,177,360</u>	<u>\$1,276,181</u>	<u>\$728,004</u>

For the three-month periods ended March 31, 2022 and 2021, the group recognized the cost of inventories as expenses are \$1,348,891 thousand and \$906,381 thousand, respectively, including the gain from price recovery of inventory are \$13,071 thousand and \$6,939, respectively.

No inventories were pledged.

(4) Advance Payment

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Prepayment for purchases	\$66,672	\$51,935	\$8,574
Overpaid sales tax	17,172	36,719	13,840
Other prepayments	20,653	21,108	18,841
Total	<u>\$104,497</u>	<u>\$109,762</u>	<u>\$41,255</u>

(5) Property, plant and equipment

	Buildings	Machinery and equipment	Office equipment	Other facilities	Lease improvement	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 Jan 2022	\$685,175	\$280,425	\$1,649	\$26,117	\$14,300	\$874	\$1,008,540
Additions	—	4,815	—	490	—	2,021	7,326
Transfer	—	—	—	—	2,895	(2,895)	—
Exchange differences	26,460	10,829	36	713	1	—	38,039
As of 31 Mar 2022	<u>\$711,635</u>	<u>\$296,069</u>	<u>\$1,685</u>	<u>\$27,320</u>	<u>\$17,196</u>	<u>—</u>	<u>\$1,053,905</u>
As of 1 Jan 2021	\$688,855	\$231,865	\$1,654	\$35,983	\$13,413	—	\$971,770
Additions	—	34,877	—	—	—	\$241	35,118
Transfer	—	—	—	—	—	—	—
Exchange differences	(3,542)	(1,192)	(5)	9	—	—	(4,730)
As of 31 Mar 2021	<u>\$685,313</u>	<u>\$265,550</u>	<u>\$1,649</u>	<u>\$35,992</u>	<u>\$13,413</u>	<u>\$241</u>	<u>\$1,002,158</u>
Depreciation and impairment:							
As of 1 Jan 2022	\$65,487	\$52,554	\$1,376	\$20,875	\$7,789	—	\$148,081
Depreciation	6,921	6,644	32	535	851	—	14,983
Disposals	—	—	—	—	—	—	—
Transfer	—	—	—	—	—	—	—
Exchange differences	2,644	2,140	34	605	1	—	5,424
As of 31 Mar 2022	<u>\$75,052</u>	<u>\$61,338</u>	<u>\$1,442</u>	<u>\$22,015</u>	<u>\$8,641</u>	<u>—</u>	<u>\$168,488</u>

	Buildings	Machinery and equipment	Office equipment	Other facilities	Lease improvement	Construction in progress and equipment awaiting examination	Total
As of 1 Jan 2021	\$38,595	\$28,293	\$1,050	\$27,846	\$4,750	—	\$100,534
Depreciation	6,814	5,787	149	498	731	—	13,979
Disposals	—	—	—	—	—	—	—
Transfer	—	—	—	—	—	—	—
Exchange differences	(236)	(177)	(4)	24	—	—	(393)
As of 31 Mar 2021	\$45,173	\$33,903	\$1,195	\$28,368	\$5,481	—	\$114,120
Net carrying amount as of:							
As of 31 Mar 2022	\$636,583	\$234,731	\$243	\$5,305	\$8,555	—	\$885,417
As of 31 Dec 2021	\$619,688	\$227,871	\$273	\$5,242	\$6,511	\$874	\$860,459
As of 31 Mar 2021	\$640,140	\$231,647	\$454	\$7,624	\$7,932	\$241	\$888,038

The Group mortgaged property, plant and equipment. Please refer to Note 8 for more details.

(6) Intangible assets

	Patents	Computer software	Customer relations	Human Resources	Goodwill	Other intangible assets	Total
Cost:							
As of 1 Jan 2022	\$59,774	\$19,635	\$202,618	\$71,132	\$845,283	\$25,159	\$1,223,601
Additions	—	—	—	—	—	—	—
Exchange differences	1,518	402	6,917	2,747	—	974	12,558
As of 31 Mar 2022	\$61,292	\$20,037	\$209,535	\$73,879	\$845,283	\$26,133	\$1,236,159
As of 1 Jan 2021	\$61,059	\$19,695	\$208,474	\$71,513	\$845,283	\$23,397	\$1,229,421
Additions	—	—	—	—	—	—	—
Exchange differences	88	(53)	403	(368)	—	(116)	(46)
As of 31 Mar 2021	\$61,147	\$19,642	\$208,877	\$71,145	\$845,283	\$23,281	\$1,229,375
Amortization and impairment:							
As of 1 Jan 2022	\$36,868	\$15,340	\$44,515	\$57,301	—	\$22,761	\$176,785
Amortization	1,131	311	4,684	6,056	—	196	12,378
Other changes	—	—	—	—	—	—	—
Exchange differences	\$754	242	1,597	2,313	—	885	5,791
As of 31 Mar 2022	\$38,753	\$15,893	\$50,796	\$65,670	—	\$23,842	194,954
As of 1 Jan 2021	\$34,383	13,773	\$26,849	\$33,770	—	\$22,108	\$130,883
Amortization	775	553	4,725	5,962	—	—	12,015
Other changes	—	132	—	—	—	193	325
Exchange differences	40	(47)	74	(207)	—	(91)	(231)
As of 31 Mar 2021	\$35,198	\$14,411	\$31,648	\$39,525	—	\$22,210	142,992
Net carrying amount as at:							
31 Mar 2022	\$22,539	\$4,144	\$158,739	\$8,209	\$845,283	\$2,291	\$1,041,205
31 Dec 2021	\$22,906	\$4,295	\$158,103	\$13,831	\$845,283	\$2,398	\$1,046,816
31 Mar 2021	\$25,949	\$5,231	\$177,229	\$31,620	\$845,283	\$1,071	\$1,086,383

The group recognized mortization expense of intangible assets under the statement of comprehensive income:

	For the three-month periods ended March 31	
	2022	2021
Operating costs	\$4,845	\$4,770
Operating expenses	\$7,533	\$7,245

(7) Short-term borrowings

A.

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Purchase loan	\$269,337	\$261,796	\$230,569
Unsecured loans	1,048,131	759,160	535,350
Secured loan	120,962	348,598	253,851
Total	<u>\$1,438,430</u>	<u>\$1,369,554</u>	<u>\$1,019,770</u>

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Interest rates applied	0.97%~1.86%	0.91% ~1.47%	0.90%~1.65%
Due date	2022.5.16~2022.9.26	2022.1.1~2022.6.27	2021.4.15~2021.9.22

B. The Group's unused short-term lines of credits amounted to \$1,194,426 thousand and \$509,303 thousand as of 31 March 2022 and 31 March 2021.

C. Short-term loans are guaranteed by fixed deposit receipts and deposits from reserving households. Please refer to Note 8 for guarantees

(8) Long-term borrowings

	31 Mar 2022	Interest rate(%)	Redemption
Unsecured Long-Term Loan from Taipei Fubon Bank	\$157,356	1.29%	Effective 11 January 2021 to 11 January 2023. Repayment of principal of \$40,000 thousand and \$22,660 thousand respectively on 30 June 2021 and 11 October 2021, others the principal is amortized at \$39,992 thousand each quarter, and the balance is repaid bt the due date.
Unsecured Long-Term Loan from Taichung Commercial Bank	96,723	1.75%	Effective 5 February 2021 to 25 February 2024, the principal and interest were repaid in 36 installments, and the principal is amortized at \$4,275 thousand each month.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	350,390	1.30%	Effective 6 October 2021 to 6 October 2026. the principal and interest were repaid in 20 installments, and the principal is amortized at \$20,000 thousand, and the balance was settled by the due date.
Subtotal	<u>604,469</u>		
Less: Due within one year	<u>(267,439)</u>		
Total	<u>\$337,030</u>		

	31 Dec 2021	Interest rate(%)	Redemption
Unsecured Long-Term Loan from Taipei Fubon Bank	\$237,340	1.46%	Effective 11 January 2021 to 11 January 2023. Repayment of principal of \$40,000 thousand and \$22,660 thousand respectively on 30 June 2021 and 11 October 2021, others the principal is amortized at \$39,992 thousand each quarter, and the balance is repaid bt the due date.
Unsecured Long-Term Loan from Taichung Commercial Bank	109,115	1.65%	Effective 5 February 2021 to 25 February 2024, the principal and interest were repaid in 36 installments, and the principal is amortized at \$4,283 thousand each month.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	370,390	1.30%	Effective 6 October 2021 to 6 October 2026. the principal and interest were repaid in 20 installments, and the principal is amortized at \$20,000 thousand, and the balance was settled by the due date.
Subtotal	<u>716,845</u>		
Less: Due within one year	<u>(269,845)</u>		
Total	<u><u>\$447,000</u></u>		

	31 Mar 2021	Interest rate(%)	Redemption
Unsecured Long-Term Loan from Taiwan Shin Kong Bank	\$82,467	1.78%	Effective 7 November 2019 to 7 November 2023. Four-year loan: interest-only payment for the first year. The principal is repaid in 36 monthly and interest is paid monthly.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	168,000	1.50%	Effective 3 July 2020 to 3 July 2023. three-year loan: Interest is paid monthly, the principal is amortized at \$16,000 thousand each quarter, and the balance is paid off by the due date.
Unsecured Long-Term Loan from Taiwan E.SUN Bank	511,000	1.50%	Effective 18 December 2020 to 18 December 2023. three-year loan: interest-only payment for the first year. Interest is paid monthly, the principal is amortized at \$19,000 thousand each quarter, and the balance will be paid off by the due date.
Unsecured Long-Term Loan from Taipei Fubon Bank	130,000	1.88%	Effective 11 January 2021 to 11 January 2023, interest was paid on a monthly basis. From 11 July 2021, the principal was amortized quarterly of \$ 40,000 thousand, and the balance was settled by the due date.
Unsecured Long-Term Loan from Taichung Commercial Bank	145,942	1.80%	Effective 5 February 2021 to 25 February 2024, the principal and interest were repaid in 36 installments, and the principal is amortized at \$4,283 thousand each month.
Subtotal	<u>1,037,409</u>		
Less: Due within one year	<u>(339,645)</u>		
Total	<u><u>\$697,764</u></u>		

Long-term borrowings are secured by certificates of deposits and deposits from the compensating account. Please refer to Note 8 for the guarantee status.



(9) Other payable

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Salary and wages payable	\$44,746	\$54,326	\$33,458
Accrued employee compensation and director remuneration	75,371	62,750	82,024
Interest payable	1,641	21,829	1,350
Other accrued expenses	100,752	123,858	107,636
Dividend payable	240,901	—	263,896
Other payables-other	105,120	127,829	73,670
Accrued Investment (Note)	—	—	399,490
Total	\$568,531	\$390,592	\$961,524

(Note) The accrued investment was arising from the acquisition of Golden Star Ocean Ltd. and Achieve Goal Limited.

(10) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended 31 March 2022 and 2021 are \$7,945 thousand and \$5,797 thousand, respectively.

Short-term for paid leave liability

As of 31 March 2022, 31 December 2021 and 31 March 2021, the accrued liabilities for paid leave were \$3,493 thousand, \$2,988 thousand and \$1,931 thousand, respectively, which were recognized in other payables.

(11) Equities

I. Common stock

- A. On 19 June 2019, the company used private equity to issue cash capital increase 14,975 thousand new shares, with a nominal value of \$10 per share, issued at a premium of \$19.624 per share, and paid-in capital of \$149,750 thousand. On 19 June 2019 is the base date for capital increase. As of 31 December 2022, the change registration has been completed. The equity obligations of private placement new shares are the same as those of ordinary shares already issued. However, in accordance with the provisions of the Securities Exchange Law, privately-raised ordinary shares may not be freely transferred within three years after issuance
- B. In order to improve the financial structure of the company, on 28 May 2019, the shareholders' meeting approved a capital reduction of \$200,000 thousand to make up for the loss. The capital reduction ratio was 21.668375%. In addition, the Financial Supervision and Administration Commission of the Executive Yuan declared the entry into force on 7 November 2019, and the new share replacement was completed on 20 January 2020.

- C. On 12 March 2021 and 18 June 2021, the company's board of directors resolved to increase capital by cash and issue 8,000 thousand shares, with a par value of \$10 per share and issue at \$76 per share. The base date for capital increase is 19 August 2021, the capital all received on 7 October 2021, and the change registration has been completed.
- D. As of 31 March 2022, 31 December 2021 and 31 March 2021, the company's rated share capital was \$2,050,000 thousand, with a face value of \$10 per share, divided into 205,000 thousand shares, and issued capital were \$803,004 thousand, \$803,004 thousand and \$723,004 thousand, and the issued ordinary shares were 80,300 thousand shares (including 11,730 thousand shares of private equity), 80,300 thousand shares (including 11,730 thousand shares of private equity) and 72,300 thousand shares (including 38,165 thousand shares if private equity), respectively. All outstanding stock have been paid and each share has one voting right and the right to receive dividends.

## II. Additional paid-in capital

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Share premium	\$672,119	\$672,119	\$144,119
Share options of convertible bonds	4,908	4,908	4,908
Employee stock options	5,111	5,111	—
Total	<u>\$682,138</u>	<u>\$682,138</u>	<u>\$149,027</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

## III. Retained earnings and dividend policies

The company's shareholders' meeting held on 23 April 2021 passed a resolution to amend the company's articles of association. After the amendment, the surplus distribution can be made after the end of each semi-annual financial year. If the surplus distribution is paid in cash, the board of directors will resolve it and report to the shareholders' meeting. The revised articles of association stipulate that the company shall estimate and retain taxable contributions, make up for losses in accordance with the law, estimate retention of employee remuneration and directors' remuneration, and reserve 10% of the statutory surplus when surplus is distributed every half of the fiscal year. Reserve; but when the statutory surplus reserve has reached the total paid-in capital of the company, this is not the case. If necessary, the special surplus reserve will be drawn or converted according to law. If there is surplus, the cumulative undistributed surplus of the first half of the fiscal year will be the shareholder Dividends shall be distributed by the board of directors and shall be resolved by the board of directors when they are distributed in cash; if new shares are to be issued, they shall be submitted to the shareholders meeting for distribution after a resolution.

The policy of dividend distribution should reflect factors such as financial situation of the company and capital budgets in the future. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. Dividend distribution should account for more than 20% of the total distributable earnings. Accordingly, at least 10% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The distribution of earnings and dividends for 2021 and 2020 were approved by the board of directors held on 14 March 2022 and the stockholders' meeting held on 23 April 2021, respectively. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share	
	2021	2020	2021	2020
Legal reserve	\$56,955	\$69,678	—	—
Special reserve	\$13,035	\$15,032	—	—
Cash dividend (Note)	\$481,802	\$433,803	\$6.00	\$6.00

(Note) The board of directors of the company was authorized by the articles of association and passed resolutions on 5 November 2021 and 12 March 2021 to approve the cash dividends of ordinary shares for the first half of 2021 and the fourth quarter of 2020.

(12) Operating revenues

	For the three-month periods ended March 31	
	2022	2021
Revenue from contracts with customers		
Sale of goods	\$2,035,018	\$1,474,280

The Group's revenue related to customer contracts for the three-month periods ended March 31, 2022 and 2021 were as follows:

A. Disaggregation of revenue

The Group is a single operating department. The income generated from the sale of goods are \$2,035,018 thousand and \$1,474,280 thousand for the three-month periods ended March 31, 2022 and 2021, respectively which is recognized at a certain point in time.

B. Contract balances

	For the three-month periods ended March 31	
	2022	2021
Contract liabilities - current	\$11,141	\$4,521

C. Transaction price allocated to unsatisfied performance obligations

As of 31 March 2022 and 2021, the Group's unsatisfied (including partly unsatisfied) performance obligations had a total transaction price of \$0 and \$59 thousand, respectively.

D. Assets recognized from costs to fulfil a contract

None.

(13) Expected credit gains (losses)

	<u>For the three-month periods ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Operating expenses - Expected credit gains (losses)		
Trade receivables	<u>\$3,712</u>	<u>(\$5,401)</u>

Please refer to Note 12 for more details on credit risk.

The Group's accounts receivable are all measured by the amount of expected credit losses during the duration of the allowance loss, as of 31 March 2022, 31 December 2021 and 31 March 2021. The relevant explanation of the estimated amounts of allowance loss are as follows:

The Group considers the grouping of trade receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

2022.03.31							
Group 1	Not yet due (note)	Overdue					Total
		<u>&lt;=30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>&gt;=121 days</u>	
Gross carrying amount	—	—	—	—	—	\$ 49,892	\$ 49,892
Loss ratio	—	—	—	—	—	100%	
Lifetime expected credit losses	—	—	—	—	—	49,892	49,892
Subtotal	—	—	—	—	—	—	—

Part of the account balance of the Group whose overdue days are more than 121 days, and provided with 100% of the allowance.

Group 2	Not yet due (note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$1,013,769	\$75,286	\$15,545	\$2,837	\$676	\$20,353	\$1,128,466
Loss ratio	0.02%~3.92%	0.04%~39.09%	1%~64.71%	5%~93.96%	94.56%~100%	19.81%~100%	
Lifetime expected credit losses	1,594	244	478	905	665	19,512	23,398
Subtotal	\$1,012,175	\$75,042	\$15,067	\$1,932	\$11	\$841	\$1,105,068
Carrying amount of trade receivables							<u>\$1,105,068</u>

2021.12.31

Group 1	Not yet due (note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	—	—	—	—	—	\$49,432	\$49,432
Loss ratio	—	—	—	—	—	100%	
Lifetime expected credit losses	—	—	—	—	—	49,432	49,432
Subtotal	—	—	—	—	—	—	—

Part of the account balance of the Group whose overdue days are more than 121 days, due to the longer aging period of the transaction object, and provided with 100% of the allowance.

Group 2	Not yet due (note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$935,057	\$51,230	\$3,303	\$2,688	\$5,403	\$15,437	\$1,013,118
Loss ratio	0.02%~4.03%	0.1%~33.9%	1%~59.91%	5.31%~89.71%	63.51%~100%	100%	
Lifetime expected credit losses	1,463	902	547	2,678	5,403	15,437	26,430
Subtotal	\$933,594	\$50,328	\$2,756	\$10	—	—	\$986,688
Carrying amount of trade receivables							<u>\$986,688</u>

2021.03.31

Group 1	Not yet due (note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	—	—	—	—	—	\$50,423	\$ 50,423
Loss ratio	—	—	—	—	—	100%	
Lifetime expected credit losses	—	—	—	—	—	50,423	50,423
Subtotal	—	—	—	—	—	—	—

Part of the account balance of the Group whose overdue days are more than 121 days, and provided with 100% of the allowance.

Group 2	Not yet due (note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$946,431	\$51,749	\$12,291	\$4,691	\$342	\$12,062	\$1,027,566
Loss ratio	0%~0.02%	0%~0.1%	0%~9.33%	0%~10.33%	100%	100%	
Lifetime expected credit losses	2,643	657	1,116	55	342	12,062	16,875
Subtotal	\$943,788	\$51,092	\$11,175	\$4,636	—	—	\$1,010,691
Carrying amount of trade receivables							<u>\$1,010,691</u>

The movement in the provision for impairment of contract assets, note receivables, trade receivables and other receivables during the ended of 31 March 2022 and 2021 is as follows:

	<u>Accounts receivable</u>
As of 1 Jan 2022	\$75,862
Net recognize (reversal) for the current period	(3,712)
Write off the current period	(741)
Exchange differences	1,881
As of 31 Mar 2022	<u>\$73,290</u>
As of 1 Jan 2021	\$76,997
Net recognize (reversal) for the current period	5,401
Write off the current period	(15,212)
Exchange differences	112
As of 31 Mar 2021	<u>\$67,298</u>

(14) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as buildings and office equipment. The lease terms range from 3 to 5 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Buildings	\$41,515	\$37,079	\$19,806
Land-Obtained through Mergers and acquisitions	53,789	52,364	54,098
Office equipment	377	228	86
Total	<u>\$95,681</u>	<u>\$89,671</u>	<u>\$73,990</u>

The Group increase the right-of-use assets \$6,859 thousand and \$0 thousand for the three-month periods ended of March 31, 2022 and 2021.

ii. Lease liabilities

	31 Mar 2022	31 Dec 2021	31 Mar 2021
Current	\$13,772	\$10,268	\$5,997
Non-current	29,906	28,512	14,828
Total	<u>\$43,678</u>	<u>\$38,780</u>	<u>\$20,825</u>

Please refer to Note 6(16) D for the interest on lease liabilities recognized during the period ended March 31, 2022 and 2021, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as of 31 March 2022 and 2021.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended March 31	
	2022	2021
Buildings	\$3,278	\$1,540
Land	587	578
Office equipment	29	26
Total	<u>\$3,894</u>	<u>\$2,144</u>

(c) Income and costs relating to leasing activities

	For the three-month periods ended March 31	
	2022	2021
The expenses relating to short-term leases	\$11,922	\$2,466
Fees for low-value asset leases (excluding short-term leases for low-value asset leases)	42	—
Changes in lease payments not included in the measurement of lease liabilities	6	3

Changes in lease payments not included in the measurement of lease liabilities

(d) Cash outflow relating to leasing activities

For the three-month periods ended 31 March 2022 and 2021, the Group's total cash outflows for leases amounting to \$15,643 thousand and \$3,966 thousand, respectively.

(e) Extension and termination options

Option to extend lease and option to terminate lease

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(15) Summary statement of employee benefits, depreciation and amortization expenses by function:

Function  Nature	For the three-month period ended March 31					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$62,078	\$94,624	\$156,702	\$50,819	\$78,963	\$129,782
Labor and health insurance	—	\$4,342	\$4,342	—	\$4,947	\$4,947
Pension	—	\$7,945	\$7,945	—	\$5,797	\$5,797
Other employee benefits expense	—	\$12,952	\$12,952	—	\$9,446	\$9,446
Depreciation	\$14,959	\$3,918	\$18,877	\$13,135	\$2,988	\$16,123
Amortization	\$4,845	\$7,533	\$12,378	\$4,770	\$7,245	\$12,015



According to the Company's Articles of Incorporation, no less than 3% of profit of the current year is distributable as employees' compensation and no higher than 5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The aforementioned employee compensation is stock or cash, including employees of subordinate companies that meet legal requirements. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributed as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

As the end of 31 March 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 4% of profit of the current year and 4% of profit of the current year, \$13,177 thousand and \$13,177 thousand, respectively, recognized as employee benefits expense.

For the three-month period ended 31 March 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors to be 3% of profit of the current year and 5% of profit of the current year, \$7,403 thousand and \$11,839 thousand, respectively, recognized as employee benefits expense.

For the year ended 31 December 2021, the company estimated employee compensation and director compensation at 4% and 4% respectively, and recognized the amount of employee compensation and director compensation of \$24,503 thousand and \$24,503 thousand respectively, which were accounted for under salary expenses. As of 31 March 2022, it has not been issued.

(16) Non-operating income and expenses

A. Interest income

	For the three-month period ended March 31	
	2022	2021
Financial assets at amortized cost	\$173	\$101

B. Other income

	For the three-month period ended March 31	
	2022	2021
Others	\$1,334	\$63

C. Other gains and losses

	For the three-month period ended March 31	
	2022	2021
Foreign exchange Gains (losses), net	\$46,374	(\$1,122)
Others	(777)	(1,233)
Total	\$45,597	(\$2,355)

D. Finance costs

	For the three-month period ended March 31	
	2022	2021
Interest on borrowings from bank	(\$7,600)	(\$8,065)
Interest on lease liabilities	(626)	(275)
Total	(\$8,226)	(\$8,340)

(17) Components of other comprehensive income

For the three-month period ended March 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	\$15,433	—	\$15,433	(\$3,086)	\$12,347
Total of other comprehensive income(loss)	\$15,433	—	\$15,433	(\$3,086)	\$12,347

For the three-month period ended March 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(\$7,298)	—	(\$7,298)	—	(\$7,298)
Total of other comprehensive income(loss)	(\$7,298)	—	(\$7,298)	—	(\$7,298)

(18) Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	<u>For the three-month period ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Current income tax expense:		
Current income tax charge	\$26,087	\$10,571
Deferred tax income benefit :		
Unrecognized tax losses, income tax credits or temporary differences in previous years are recognized in the current period	41,142	—
Total income tax expense	<u>\$67,229</u>	<u>\$10,571</u>

Income tax relating to components of other comprehensive income

	<u>For the three-month period ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Income tax relating to components of other comprehensive income	\$3,086	—

The assessment of income tax returns

As of 31 March 2022, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
	<u>Assessed and approved up to 2020</u>
The Company	
Freshlink Product Development, LLC DBA PREPARA	(Note)
Tzehg Shyng Plastic Product (Heyuan) Co., Ltd.	(Note)
Zengxin Melamine Products (Heyuan) Co., Ltd.	(Note)
First Design Global, Inc.	(Note)

(Note): The foreign subsidiary has completed the declaration on time according to the tax laws and regulations of various countries

Unrecognized deferred tax assets

As of 31 March 2022 and 2021, deferred tax assets that have not been recognized amount to \$0 and \$35,386 thousand, respectively.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>For the three-month period ended March 31</u>	
	<u>2022</u>	<u>2021</u>
A. Basic earnings per share		
Net income	\$242,461	\$233,755
Weighted average number of ordinary shares outstanding for basic earnings per share ( thousand shares)	80,300	72,300
Basic earnings per share	<u>\$3.02</u>	<u>\$3.23</u>
B. Diluted earnings per share		
Net income	\$242,461	\$233,755
Net income after adjusting the dilution effect	<u>\$242,461</u>	<u>\$233,755</u>
Basic earnings per share weighted average number(thousand shares)	80,300	72,300
Effect of dilution:		
Employee compensation-stock (thousand shares)	179	77
Weighted average number of ordinary shares outstanding after dilution ( thousand shares)	<u>80,479</u>	<u>72,377</u>
Diluted earnings per share	<u>\$3.01</u>	<u>\$3.23</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(20) Business combinations

(a) Based on the investment agreement, the Group acquired three companies, Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA, and gained control over them on 1 August 2019. The forementioned companies specialized in the designing, manufacturing and selling of household products. The Group has acquired these three companies because of enlarging the operating scale and enhancing the competitiveness.

(b) The fair value of considerations, assets and liabilities of acquiring Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA as at the date of gaining control as follows:

	Fair value recognized on acquisition
Current assets	
Cash and cash equivalents	\$193,358
Trade receivables	577,251
Current income tax assets	—
Inventories	449,986
Advances	2,155
Other current assets	126,192
Non-current assets	
Property, plant and equipment	928,118
Right of land-use	60,407
Intangible assets	352,409
Other non-current assets	30,672
Total assets	<u>2,720,548</u>
Current liabilities	
Short-term loans	\$804,280
Accounts payables	419,247
Current tax liabilities	—
Other current liabilities	16,787
Total liabilities	<u>1,240,314</u>
Total identifiable net assets at fair value	<u>\$1,480,234</u>
Goodwill of Golden Star Ocean Ltd, Achieve Goal Limited and Freshlink Product Development, LLC DBA PREPARA is as follows:	
Cash consideration	\$2,325,517
Less: identifiable net assets at fair value	<u>(1,480,234)</u>
Goodwill	<u><u>\$845,283</u></u>
Cash flow on acquisition	
Net cash acquired with the subsidiary	\$193,358
Cash paid (During 2019)	<u>(822,404)</u>
Net cash outflow	<u><u>(\$692,046)</u></u>
Cash flow on acquisition	
Cash paid (During 2020)	<u>(\$1,083,393)</u>
Net cash outflow	<u><u>(\$1,083,393)</u></u>
Cash flow on acquisition	
Cash paid (During 2021)	<u>(\$398,720)</u>
Net cash outflow	<u><u>(\$398,720)</u></u>

## 7. Related party transactions

### Significant transactions with the related parties

#### 1. Key management personnel compensation

	For the three-month period ended March 31	
	2022	2021
Short-term employee benefits	\$31,402	\$12,824
Post-employment benefits	81	81
Total	\$31,483	\$12,905

#### 2. Others

(a) For the three-month period ended 31 March 2022 and 2021, the Group provides housing for use by key management personnel and its rental fee were \$54 thousand.

(b) The Group's loans are jointly and severally guaranteed by related parties

## 8. Assets pledged as security

The following table lists assets of the Group pledged as security:

	Carrying amount			Guaranteed debt content
	31 Mar 2022	31 Dec 2021	31 Mar 2021	
Other financial assets - current-Reserve Account, certificate of deposit	\$323,350	\$370,290	\$136,130	Long-term and short-term loans
Property, plant and equipment	636,583	619,688	640,145	Long-term and short-term loans
	\$959,933	\$989,978	\$776,275	

## 9. Commitments and contingencies

- i. Amounts available under unused letters of credit as of 31 March 2022 were USD7,571 thousand.
- ii. Guaranteed notes issued with the bank due to borrowing as of 31 March 2022 were \$3,404,750 thousand.

- iii. As of 31 December 2021, the Group filed a lawsuit with Shenzhen Haojian Electronics Co., Ltd. due to a dispute over a sale and purchase contract, demanding that Shenzhen Haojian Electronics Co., Ltd. overdue the payment of RMB 3,991 thousand and the interest up to the payment date. In this case, the civil judgment of the People's Court of Qianhai Cooperation District, Shenzhen, Guangdong Province was judged in the civil judgment of the People's Court of Shenzhen Qianhai Cooperation Zone, Guangdong Province on 29 July 2020. Shenzhen Haojian Electronics Co., Ltd. was required to pay RMB 3,991 thousand for the goods and the interest up to the payment date. And its sole shareholder, Cheng Qiang, was jointly and severally responsible for the repayment. However, Shenzhen Haojian Electronics Co., Ltd. lodged an appeal. On 12 April 2021, the lawyer informed us that we had won the case and the case has entered the execution of freezing the debtor's property on 8 July 2021, and the court had remitted to the designated account. The execution of this case has been completed; however, Shenzhen Haojian Electronics Co., Ltd. filed a retrial for this case, and the Group will appoint a lawyer to prepare a defense for the retrial.
- iv. To adjust the operating strategy, the Group and the seller signed the share purchase agreement, which acquired Achieve Goal Limited and its subsidiaries: Tzend Shyng Industries (Heyuan)Co.Ltd. and Zhengxin Melamine Products (Heyuan) Co., Ltd. As of 31 March 2022, due to Guangzhou Lili Industrial Co., Ltd. Company couldn't pay off the mature debts, Ganzhou Dongxin Chemical Materials Co., Ltd. applied bankruptcy liquidation to Guangzhou Intermediate People's Court. The details of debt receivables the Guangzhou Lili Industrial Co., Ltd. Company submitted requested the Group's Sub-Subsidiary, Zhengxin Melamine Products (Heyuan) Co., Ltd., to pay off the debt amounted to RMB 12,374 thousand. Few days ago,the court dismissed the prosecute of the plaintiff Guangzhou Lili Industrial Co., Ltd. Company. However, this involves a dispute between the original owner of Zhengxin Melamine Products (Heyuan) Co., Ltd. and Guangzhou Lili Industrial Co., Ltd. on the right to set off bankruptcy debts. The court recently ruled that Guangzhou Lili Industrial Co., Ltd. shall deal with Zhengxin Melamine Products (Heyuan) Co., Ltd. The debtor of the original owner of the operating right shall bear one-half of the liability for the repayment of the debts that cannot be repaid as stated in the judgment. Also, a commitment has been issued, if the case finally requires compensation, the seller will fulfill it. After the Group's assessment, the aforementioned case has no significant impact on current operation.
- v. A California tableware company filed a patent infringement lawsuit to the group's subsidiary at the United States District Court of California, after comparing the patent at issue by the US patent attorneys,the Group believes that the product design of the Group has existed in the US sales market for a long time. It is a long-established general process design, which is still different from the patent at issue, and the parties isn't standing in this case. As of 31 March 2022, both parties in this case have conciliated, and plaintiff has withdraw the charge.

#### 10. Losses due to major disasters

None.

## 11. Significant subsequent events

None.

## 12. Financial instruments

### i. Categories of financial instruments

#### Financial assets

	<u>31 Mar 2022</u>	<u>31 Dec 2021</u>	<u>31 Mar 2021</u>
Financial assets measured at amortized cost			
Cash and cash equivalents (excluding cash on hand)	\$319,387	\$192,472	\$676,735
Accounts receivables	1,105,068	986,688	1,010,691
Other receivables	24,785	5,580	13,823
Other financial assets - current	323,350	370,290	136,130
Refundable deposits	7,702	8,343	3,338
Total	<u>\$1,780,292</u>	<u>\$1,563,373</u>	<u>\$1,840,717</u>

#### Financial liabilities

	<u>31 Mar 2022</u>	<u>31 Dec 2021</u>	<u>31 Mar 2021</u>
Financial liabilities at amortized cost:			
Short-term loans	\$1,438,430	\$1,369,554	\$1,019,770
Amounts payables	120,351	212,796	112,084
Other payables	568,531	390,592	961,524
Long-term loans (including current portion)	604,469	716,845	1,037,409
Lease liabilities (including current and non-current)	43,678	38,780	20,825
Total	<u>\$2,775,459</u>	<u>\$2,728,567</u>	<u>\$3,151,612</u>

### ii. Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.



iii. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore forming a natural hedge. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the loss for the three-month periods ended March 31, 2022 and 2021 increased by (\$6,676) thousand and (\$2,061) thousand, respectively.

B. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. The interest rate sensitivity analysis is as follow:

When the market interest rate is +/- ten basis points, the loss for the three-month periods ended March 31, 2022 and 2021 increased by (\$1,400) thousand and (\$1,244) thousand, respectively.

iv. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

The Group's top ten customer accounts receivable as of 31 March 2022 and 2021 accounted for 84.93% and 84.86% of the Group's total accounts receivable, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

In addition, when the Group assesses that it cannot reasonably expect to recover the financial assets (such as the issuer or debtor's major financial difficulties, or has gone bankrupt), it shall recognize 100% of the allowance loss.

v. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 March 2022					
Loans	\$1,705,869	\$206,640	\$130,390	—	\$2,042,899
Amounts payables	\$688,882	—	—	—	\$688,882
Lease liabilities	\$16,051	\$20,265	\$12,958	\$7,614	\$56,888
As of 31 December 2021					
Loans	\$1,647,254	\$303,048	\$151,991	—	\$2,102,293
Amounts payables	\$603,388	—	—	—	\$603,388
Lease liabilities	\$11,705	\$17,984	\$12,347	\$8,116	\$50,152
As of 31 March 2021					
Loans	\$1,366,051	\$706,905	—	—	\$2,072,956
Amounts payables	\$1,073,608	—	—	—	\$1,073,608
Lease liabilities	\$6,929	\$12,480	\$3,507	—	\$22,916

vi. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2022:

	Short-term loan	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2022	\$1,369,554	\$716,845	\$38,780	\$2,125,179
Cash flow	68,876	(112,376)	(3,673)	(47,173)
Non-cash movement	—	—	7,485	7,485
Exchange differences	—	—	1,086	1,086
March 31, 2022	\$1,438,430	\$604,469	\$43,678	\$2,086,577

Reconciliation of liabilities for the three-month period ended March 31, 2021:

	Short-term loan	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	\$780,401	\$1,006,000	\$22,385	\$1,808,786
Cash flow	239,369	31,409	(1,497)	269,281
Non-cash movement	—	—	—	—
Exchange differences	—	—	(63)	(63)
March 31, 2021	\$1,019,770	\$1,037,409	\$20,825	\$2,078,004

vii. Fair values of financial instruments

1. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
  - b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
  - c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
  - d. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
2. Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, trade receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Book value		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
Financial liabilities :			
Short-term loan	\$1,438,430	\$1,369,554	\$1,019,770
Long-term loans (including current portion)	\$604,469	\$716,845	\$1,037,409

	Fair value		
	31 Mar 2022	31 Dec 2021	31 Mar 2021
Financial liabilities :			
Short-term loan	\$1,438,430	\$1,369,554	\$1,019,770
Long-term loans (including current portion)	\$603,718	\$714,571	\$1,036,059

viii. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 March 2022		
	Foreign currencies (in thousands)	Foreign exchange rate	NTD (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$59,937	28.625	\$1,715,697
RMB	\$3,956	4.506	\$17,820
<u>Financial liabilities</u>			
Monetary items:			
USD	\$36,610	28.625	\$1,047,961
Exchange (losses), net of monetary financial liabilities and assets			
USD and RMB			\$46,374
	31 December 2021		
	Foreign currencies (in thousands)	Foreign exchange rate	NTD (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$55,166	27.68	\$1,526,994
RMB	\$4,000	4.3415	\$17,366
<u>Financial liabilities</u>			
Monetary items:			
USD	\$34,411	27.68	\$952,496
Exchange (losses), net of monetary financial liabilities and assets			
USD and RMB			(\$527)

	31 March 2021		
	Foreign currencies (in thousands)	Foreign exchange rate	NTD (in thousands)
<u>Financial assets</u>			
Monetary items:			
USD	\$85,306	28.535	\$2,434,207
RMB	\$3,999	4.342	\$17,365
<u>Financial liabilities</u>			
Monetary items:			
USD	\$78,072	28.535	\$2,227,785
Exchange (losses), net of monetary financial liabilities and assets USD and RMB			(\$1,122)

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

ix. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, returning capital to shareholders or issuing new shares.

13. Other disclosure

i. Information at significant transactions for the three-month period ended 31 March 2022

- A. Financing provided to others: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
- C. Securities held as of 31 Marh 2022: None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lowers of NT\$100 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of \$100 million or 20% of the capital stock: Please refer to Attachment 3.
- H. Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of capital stock : Please refer to Attachment 4.
- I. Financial instruments and derivative transactions: None
- J. Others: Significant inter-company transactions during the reporting periods: Please refer to Attachment 7.

- ii. Reinvestment business related information: Those who directly or indirectly have significant influence, control or joint venture control on the invested company that is not in the mainland area should disclose their name, location, main business project, original investment amount, ending shareholding situation, Relevant information such as period profit and loss and recognized investment profit and loss: Please refer to Attachment 5.
- iii. Information on investments in mainland China
  - A. Information on investments in mainland China : Please refer to Attachment 6.
  - B. For the three-month period ended 31 March 2022, the following significant transactions with the investee companies in China directly or indirectly through the third area and the relevant prices, payment terms and unrealized gains and losses:
    - (a)Purchase, ending balance of related payables and their weightings: Please refer to Attachment 3.
    - (b)Sales, the ending balance of related receivables and their weightings: Please refer to Attachment 3.
    - (c)The amount of property transactions and the amount of profits and losses: None.
    - (d)Ending balance of endorsements/guarantees or collateral provided and the purposes: None.
    - (e)The maximum balance, ending balance, interest rate range and total interest of the financial intermediation in current period: None.
    - (f)Transactions that have significant impact on the profit or loss of current period or the financial position: None.
- iv. Information of major shareholders: Please refer to Attachment 8.

#### 14. Segment information

The operating income of the company comes from the Household Products Division. As it is a single operating department, it does not disclose the application of its departmental information.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2022

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

FINANCING PROVIDED TO OTHERS

Attachment 1

No (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Maximum Balance for the Perio (Note 3)	Ending Balance (Note 8)	Amount Actually Borrowing (Note 9)	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amounts (Note 5)	Reasons for Short- term Financing (Note 6)	Allowance for doubtful accounts	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limits (Note 7)
													Item	Value		
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	Other receivables - related parties	Yes	\$171,750	\$171,750	\$74,158	2.00%	For Short-term Financing	-	Operating capital	-	Check	\$171,750	\$916,263	\$916,263

Note 1 : Companies are coded as follows:

(1) JIA WEI LIFESTYLE, INC. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : Receivables from affiliates and related parties, shareholder transactions, prepayments and temporary payments etc. are required to be disclosed in this field if they are financings provided to others.

Note 3 : Maximum balance of borrowing to others for current period.

Note 4 : Nature of Financing should fill in For Short-term Financing or for business transaction.

Note 5 : If nature of financing is business transaction, the amount of transaction should be disclosed.

Note 6 : With respect to short-term financing, the reasons of financing and the purpose of use by the counter-party shall be specified, such as loan repayment, equipment acquisition or operating capital.

Note 7 : The rules of financing provided rules that the upper limit of the total amount should less than 40% of the net value of the recent financial statement, except the 100% owned subsidiaries held directly or indirectly by the Company ; the upper limit of one compony should less than 40% of the net value of the recent financial statement.

Note 8 : If public companies, pursuant to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements / Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved (before any drawing) shall be the publicly-announced balance to disclose the risk they assume; provided however,

if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted. If public companies, pursuant to Paragraph 2, Article 14 of the same Regulations, authorize the chairperson by board resolution, within a certain monetary limit and a period not to exceed one year,

to give loans in instalments or to make a revolving credit line available, the amount resolved shall be the publicly-announced balance. Although repayment may be made subsequently, as drawings are likely to happen, the amount of financing resolved by the board shall be recorded as the publicly-announced balance.

Note 9 : All the above transactions were eliminated on consolidation.



JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022  
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)  
ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS

Attachment 2

No (Note 1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 3&4)	Maximum Balance for the Period (Note 5)	Ending Balance (Note 6)	Amount Actually Drawn (Note 7)	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3&4)	Endorsement provided by parent company to subsidiaries (Note 8)	Endorsement provided by subsidiaries to parent company (Note 8)	Endorsement provided to subsidiaries in China (Note 8)	Note
		Name	Nature of Relationship (Note 2)											
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	2	\$2,290,657	\$405,828	\$405,828	\$405,828	\$405,828	17.72%	\$2,290,657	Y	N	Y	

Note 1 : Companies are coded as follows:

(1) JIA WEI LIFESTYLE, INC. is coded "0".

(2) The investees are coded from "1" in the order presented in the table above.

Note 2 : The relationships between endorsement/guarantee providers and guaranteed parties are categorized into the following types :

(1) A company that has a business relationship with Jia Wei Lifestyle, Inc.

(2) A subsidiary in which Jia Wei Lifestyle, Inc holds directly over 50% of common equity interest.

(3) An investee in which Jia Wei Lifestyle, Inc and its subsidiaries jointly hold over 50% of common equity interest.

(4) A parent company that holds directly over 90% or indirectly over 90% through a subsidiary of the company's common equity interest.

(5) A company that has provided guarantees to Jia Wei Lifestyle, Inc., and vice versa, due to contractual requirements.

(6) A company in which Jia Wei Lifestyle, Inc. jointly invests with other shareholders, and for which Jia Wei Lifestyle, Inc has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3 : Jia Wei Lifestyle, Inc. : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 500% of the Company's net equity in the latest Financial Statements

Note 4 : Jia Wei Lifestyle, Inc. : The aggregate amount of endorsements/guarantees shall not exceed 500% of the Company's net equity in the latest Financial Statements

Note 5 : Maximum balance of endorsements/guarantees provided to others for current period.

Note 6 : The maximum balance for the period and ending balance represent the amounts approved by the Board Directors.

Note 7 : The company which endorsements/guarantees by Jia Wei Lifestyle, Inc should disclosed the amount actually drawn within ending balance.

Note 8 : Public company provided endorsements/guarantees to subsidiary or subsidiary provided endorsements/guarantees to public company or provided endorsements/guarantees which located in CHINA area coded "Y".

Note 9 : Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd : The aggregate amount of endorsements/guarantees for any single entity shall not exceed 100% of the Company's net equity in the latest Financial Statements

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

RELATED PARTY TRANSACTIONS WITH PURCHASE OR SALES AMOUNT OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Attachment 3

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction(Note 1)		Notes/Accounts Payable or Receivable		Note (Note 2)
			Purchases/ Sales	Amount	Percentage to Total	Collection/ Payment Terms	Unit Price	Collection/ Payment Terms	Ending Balance	Percentage to Total	
Jia Wei Lifestyle, Inc.	Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	Sub-subsiary	Purchases	\$888,790	63.74%	Net 30 days from the end of the month of when invoice is issued by T/T	-	-	(\$390,415)	(97.54%)	
Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	Sub-subsiary	Purchases	\$470,249	33.72%	Net 30 days from the end of the month of when invoice is issued by T/T	-	-	-	-	

Note 1 : If the transaction detail is difference from the general trading terms, the differents and the reasons should be stated in the unit price and the collection/ payment terms columns.

Note 2: If there is an advance payment (payment), the reason, contractual terms, amount, and differences from the general transaction terms should be stated in the note column.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet .

Note 4 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED MARCH 31, 2022  
 (Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)  
 RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

Attachment 4

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 1)	Turnover Ratio (times)	Overdue		Amounts Received in Subsequent Periods	Allowance for Doubtful Accounts
					Amount	Action Taken		
Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	Jia Wei Lifestyle, Inc.	Sub-subsidiary	\$390,415	8.04	-	-	\$219,440	-
Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	Subsidiary	\$216,589	0.74	\$74,158	Transferred to other receivable - related parties	-	-

Note 1: Please fill in separately according to accounts receivable, bills, other receivables... etc.

Note 2 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022  
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)  
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEE COMPANIES (Not including investment in Mainland China)

Attachment 5

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment		Investment as of March 31, 2021			Net income (loss) of investee company (Note 2 (2) )	Investment income (Note 2 (3) ) (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership	Carrying amount			
Jia Wei Lifestyle, Inc.	Golden Star Ocean Ltd.	Seychelles	Investment holding	\$1,484,100 (USD48,500)	\$1,484,100 (USD48,500)	-	100.00%	\$1,349,537	(\$4,703)	(\$4,703)	Subsidiary
Golden Star Ocean Ltd.	Tzeng Shyng Industries Corp.	Seychelles	International trade	-	-	-	100.00%	(USD1,691) (Note 3)	(\$4,685)	(\$4,685)	Sub-subsiidiary
Golden Star Ocean Ltd.	First Design Global, Inc.	California, USA	International trade	-	-	-	0.20%	(USD1,995) (Note 3)	(\$8,626)	(\$17)	Sub-subsiidiary
Jia Wei Lifestyle, Inc.	Achieve Goal Limited	Darawa, U.S.	Investment holding	\$688,524 (USD23,600)	\$688,524 (USD23,600)	-	100.00%	\$997,132	(\$7,491)	(\$7,491)	Subsidiary
Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	New York, U.S.	Household products design and trade	\$298,854 (USD10,000)	\$298,854 (USD10,000)	-	100.00%	\$50,398	(\$30,644)	(\$30,644)	Subsidiary
Jia Wei Lifestyle, Inc.	First Design Global, Inc.	California, USA	International trade	\$114,348 (USD4,000)	\$59,024 (USD2,000)	-	99.80%	\$44,330	(\$8,626)	(\$8,609)	Subsidiary

Note 1: If a public offering company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations,

the disclosure of information about the foreign invested company may only disclose relevant information to the holding company.

Note 2: For those who are not in the circumstances described in (Note 1), fill in according to the following regulations:

- (1) All columns above should be filled, and the nature of relationships should be stated in the Note column.
- (2) Net income (loss) should be stated in the Investee Company column.
- (3) It is only necessary to fill in the profit and loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each invested company evaluated by the equity method, and the rest is not required.

Note 3: It is the book value at the end of the investment period of the M&A entity

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022  
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)  
INFORMATION ON INVESTMENT IN MAINLAND CHINA

Attachment 6

(1)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Profits/Losses of the Investee Company	Percentage of Ownership (Direct or Indirect Investment)	Share of Profits/Losses(Note 2)	Carrying Amount as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow						
Gamma Optical Investment (Samoa) Co.,Ltd.	Manufacturing and processing of optical products, conductive films and related materials	USD\$5,000 thousand (NTD159,775 thousand)	2	NTD 159,775	—	—	NTD 159,775	—	—	—	—	—
Tzeng Shyng Industries (Heyuan) Co., Ltd	Production and sales of household products	USD\$16,500 thousand (NTD514,305 thousand)	2	NTD 461,311 (USD15,812)	—	—	NTD 461,311 (USD15,812)	NTD 51,888	100.00%	NTD 51,888 (2).B	NTD 725,969 (USD25,361)	—
Zhengxin Melamine Products(Heyuan) Co., Ltd	Production and sales of household products	USD\$6,500 thousand (NTD202,605 thousand)	2	NTD 227,213 (USD7,788)	—	—	NTD 227,213 (USD7,788)	(NTD 59,378)	100.00%	(NTD 59,378) (2).B	NTD 209,417 (USD7,316)	—

(2)

Accumulated Outflow of Investment from Taiwan to Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note5)
\$850,082 (USD\$28,656,333.55)	\$882,037 (USD\$29,656,333.55)	\$1,374,394

(Note 1) : The methods for investment in Mainland China are categorized into the following three types. Please specify the type.

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in the third area (Please specify the name of the company in third region).

(3) Others.

(Note 2) : In Share of Profits/Losses column

(A) If it is in preparation and there is no investment gain or loss, it should be indicated

(B) The recognition basis of investment gains and losses is divided into the following three types, which should be specified

1. The approved financial statements have been checked by all international accounting firms in cooperation with the Republic of China Accounting Firm.

2. The financial statements of the visa are reviewed by the Taiwanese parent company's visa accountant.

3. Other

(Note 3) : The table is expressed in thousands of New Taiwan Dollars.

(Note 4) : All the above transactions were eliminated on consolidation.

(Note 5) : 60% of combined net worth

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022  
(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)  
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

Attachment 7

No. (Note 1)	Company Name	Counter Party	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statements Item	Amount	Terms	
0	Jia Wei Lifestyle, Inc.	First Design Global,Inc.	1	Sales revenue (sales)	\$1,640	General trading terms	0.08%
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	1	Sales revenue (sales)	\$57,910	General trading terms	2.85%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	2	Cost of goods sold(Phurchases)	\$888,790	General trading terms	43.67%
0	Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	2	Cost of goods sold(Phurchases)	\$470,249	General trading terms	23.11%
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	1	Accounts receivable	\$216,589	General trading terms	4.19%
0	Jia Wei Lifestyle, Inc.	Freshlink Product Development,LLC.DBA PREPARA	1	Other receivable	\$74,158	Business turnover	1.44%
0	Jia Wei Lifestyle, Inc.	Frist Design Ltd.	1	Accounts receivable	\$48,915	General trading terms	0.95%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	2	Accounts payable	\$390,415	General trading terms	7.56%
0	Jia Wei Lifestyle, Inc.	Tzeng Shyng Plastic Product (Heyuan) Co.,Ltd	2	Other receivable	\$701,456	Business dealings	13.58%
0	Jia Wei Lifestyle, Inc.	Zhengxin Melamine Products (Heyuan) Co., Ltd	2	Prepayments	\$14,855	Business dealings	0.29%

Note 1 : The parent company and its subsidiaries are coded as follows:

No.1. The parent company is coded "0".

No.2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

No.1. Transactions from parent company to a subsidiary.

No.2. Transactions from parent company to a sub-subsidiary.

No.3. Transactions between subsidiaries.

No.4. Transactions from a subsidiary to a sub-subsidiary.

No.5. Transactions between sub-subsidiary.

Note 3 : Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4 : The important transactions in this form may be listed by the company in accordance with the principle of materiality.

Note 5 : All the above transactions were eliminated on consolidation.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2022

(Expressed in thousands of New Taiwan Dollars unless Otherwise Specified)

Major shareholder information

Attachment 8

Unit : Share

Major shareholder	stock	
	amount	percentage
Myott Investment Co., Ltd.	7,338,310	9.13%
Super Domain Investments Limited	7,018,294	8.74%
Digital Solution Investments Limited	7,018,294	8.74%
Omega Investment Limited	5,449,000	6.78%
Smart Investment Limited	5,326,740	6.63%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by Taiwan Depository & Clearing Corporation, calculating that shareholders hold 5%

or above of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The above information. As for the share capital recorded in

the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation

bases

Note 2: If the above-mentioned information belongs to the shareholders' delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account by the trustee. As

for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities Exchange Act, his shareholding includes his own shareholding plus the

shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public information observatory.

JIA WEI LIFESTYLE, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2022

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Note 2: If the above-mentioned information belongs to the shareholders' delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public information observatory.