MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2022 AND 2021

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Merry Electronics Co., Ltd.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4 (3) and 6 (9), the financial statements of certain insignificant consolidated subsidiaries and certain investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets of NT$4,184,147 thousand and NT$4,270,349 thousand, constituting 13% and 13% of the consolidated total assets, and total liabilities of NT$2,168,001 thousand and NT$1,921,748 thousand, constituting 11% and 9% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively, and total comprehensive income (loss) of NT$158,714 thousand and NT$24,280 thousand, constituting 42% and (20%) of the consolidated total comprehensive income for the three months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and certain investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as on March 31, 2022 and 2021, and of its consolidated financial performance and consolidated cash flows for the three months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
April 28, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

	Assets	Notes	March31, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%	March 31, 2021 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 5,521,732	18	$ 4,841,969	9	$ 5,321,982	16
1110	Financial assets at fair value through profit or loss - current	6 (2)	384,180	1	339,000	-	345,424	1
1120	Current financial assets at fair value through other comprehensive income	6 (3)	110,080	-	110,695	1	194,677	-
1136	Current financial assets at amortized cost	6 (4)& 8	1,454,594	5	1,029,073	3	868,250	3
1170	Accounts receivable, net	6 (5)(6)	5,651,264	18	9,365,119	28	7,605,799	24
1180	Accounts receivable due from related parties, net	7 (2)	93,816	-	38,201	-	57,842	-
1200	Other receivables		227,381	1	399,763	1	267,586	1
1210	Other receivables - related parties	7 (2)	388,602	1	554,654	2	590,349	2
130X	Inventories	6 (7)	5,401,805	17	5,146,042	15	4,408,468	14
1470	Other current assets	6 (8)(25)	247,040	1	352,887	1	557,588	2
11XX	**Current Assets**		19,480,494	63	22,177,403	65	20,217,965	63
	Non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	25,472	-	25,395	-	26,468	-
1517	Non-current financial assets at fair value through other comprehensive income	6 (3)	891,307	3	1,010,291	3	1,466,258	5
1535	Non-current financial assets at amortized cost	8	3,853	-	3,853	-	-	-
1550	Investments accounted for under equity method	6 (9)	4,833,944	15	4,699,769	14	4,548,565	14
1600	Property, plant and equipment	6 (10)	3,994,790	13	3,951,003	12	3,796,532	12
1755	Right-of-use assets	6 (11)	183,877	1	200,224	-	318,284	1
1780	Intangible assets	6 (12)	1,334,055	4	1,376,179	4	1,397,450	4
1840	Deferred income tax assets	6 (31)	176,210	-	210,689	1	170,772	-
1900	Other non-current assets	6 (13)	221,015	1	207,818	1	244,836	1
15XX	**Non-current assets**		11,674,523	37	11,685,221	35	11,969,165	37
1XXX	**Total assets**		$ 31,155,017	100	$ 33,862,624	100	$ 32,187,130	100

(Continued)

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

			March 31, 2022		December 31, 2021		March 31, 2021	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowing	6 (14)	$ 3,883,941	12	$ 3,738,289	11	$ 3,771,843	12
2120	Financial liabilities at fair value through profit or loss - current	6 (2)	4,239	-	3,020	-	13,054	-
2130	Current contract liabilities	6 (25)	964,076	3	874,000	3	688,726	2
2150	Notes payable		-	-	-	-	1	-
2170	Accounts payable		4,109,219	13	5,709,582	17	4,889,647	15
2180	Accounts payable - related parties	7 (2)	2,274,092	7	3,633,296	11	3,299,392	10
2200	Other payables	6 (2)(15)	1,737,397	5	1,142,503	3	2,520,749	8
2220	Other payables - related parties	7 (2)	182,406	1	66,814	-	83,008	-
2230	Current income tax liabilities		204,127	1	209,887	1	205,529	1
2320	Current portion of long-term borrowings	6 (17)(18)	202,066	1	170,074	-	2,217,017	7
2365	Current refund liabilities	6 (25)	200,583	1	246,964	1	313,981	1
2399	Other current liabilities, others	6 (9)(16)	60,277	-	71,623	-	601,604	2
21XX	**Current Liabilities**		13,822,423	44	15,866,052	47	18,604,551	58
	Non-current liabilities							
2530	Bonds payable	6 (17)	2,932,530	10	2,925,589	9	-	-
2540	Long-term borrowings	6 (16)(18)	1,208,023	4	1,388,581	4	1,094,735	3
2570	Deferred income tax liabilities	6 (31)	1,347,372	4	1,349,989	4	1,166,221	4
2580	Non-current lease liabilities		62,629	-	66,004	-	91,104	-
2640	Accrued pension liabilities	6 (19)	68,903	-	82,477	-	83,840	-
2670	Other non-current liabilities		21,729	-	29,309	-	42,972	-
25XX	**Non-current liabilities**		5,641,186	18	5,841,949	17	2,478,872	7
2XXX	**Total liabilities**		19,463,609	62	21,708,001	64	21,083,423	65
	Equity attributable to owners of parent							
	Share capital	6 (21)						
3110	Common stock		2,164,702	7	2,165,100	7	2,092,776	7
	Capital surplus	6 (22)						
3200	Capital surplus		4,641,173	15	4,646,623	13	3,952,098	12
	Retained earnings	6 (23)						
3310	Legal reserve		2,152,834	7	2,152,834	6	2,006,040	6
3320	Special reserve		269,144	1	269,144	1	269,144	1
3350	Unappropriated retained earnings		2,593,925	8	3,349,676	10	2,386,407	7
	Other equity interest	6 (24)						
3400	Other equity interest		(735,782)	(2)	(969,246)	(3)	(135,665)	-
31XX	**Equity attributable to owners of the parent**		11,085,996	36	11,614,131	34	10,570,800	33
36XX	**Non-controlling interest**		605,412	2	540,492	2	532,907	2
3XXX	**Total equity**		11,691,408	38	12,154,623	36	11,103,707	35
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 31,155,017	100	$ 33,862,624	100	$32,187,130	100

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, Unaudited)

	Items	Notes	Three months ended March 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6 (25) and 7 (2)	$ 6,018,343	100	$ 7,734,792	100
5000	Operating costs	6 (7) and 7 (2)	(5,140,207)	(86)	(6,951,539)	(90)
5900	Net operating margin		878,136	14	783,253	10
	Operating expenses	6 (29)(30)				
6100	Selling expenses		(111,003)	(2)	(90,211)	(1)
6200	General and administrative expenses		(269,736)	(4)	(298,426)	(4)
6300	Research and development expenses		(414,842)	(7)	(470,258)	(6)
6450	Expected credit impairment loss	12 (2)	(109,096)	(2)	(623)	-
6000	Total operating expenses		(904,677)	(15)	(859,518)	(11)
6900	Operating loss		(26,541)	(1)	(76,265)	(1)
	Non-operating income and expenses					
7100	Interest income	6 (26)	10,343	-	9,338	-
7010	Other income	6 (27)	52,190	1	36,946	-
7020	Other gains and losses	6 (28)	176,818	3	(23,443)	-
7050	Finance costs		(20,886)	-	(16,487)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (9)	(40,183)	(1)	103,682	1
7000	Total non-operating income and expenses		178,282	3	110,036	1
7900	**Profit before income tax**		151,741	2	33,771	-
7950	Income tax benefit (expense)	6 (31)	(949)	-	19,712	-
8200	**Profit for the year**		$ 150,792	2	$ 53,483	-

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, Unaudited)

	Items	Notes	2022 AMOUNT	2022 %	2021 AMOUNT	2021 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income, net	6 (3) (24)	($ 125,579)	(2)	($ 108,920)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6 (31)	(1,359)	-	(1,113)	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(126,938)	(2)	(110,033)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6 (24)	264,701	4	(45,166)	(1)
8367	Unrealized gains from investments in debt instruments measured at fair value through other comprehensive income, net	6 (24)	(1,271)	-	1,144	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	6 (24)	174,321	3	(34,827)	-
8399	Income tax relating to the components of other comprehensive income	6 (31)	(82,920)	(1)	15,934	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		354,831	6	(62,915)	(1)
8300	**Total other comprehensive (loss) income for the period**		$ 227,893	4	($ 172,948)	(2)
8500	**Total comprehensive (loss) income for the period**		$ 378,685	6	($ 119,465)	(2)
	Profit (Loss), attributable to:					
8610	Owners of parent		$ 110,289	1	$ 20,920	(1)
8620	Non-controlling interest		40,503	1	32,563	1
	Total Profit (Loss)		$ 150,792	2	$ 53,483	-
	Comprehensive income (loss) attributable to:					
8710	Owners of parent		$ 313,765	5	($ 153,325)	(2)
8720	Non-controlling interest		64,920	1	33,860	-
	Total Comprehensive Income (Loss)		$ 378,685	6	($ 119,465)	(2)
	Basic earnings per share	6 (32)				
9750	Total basic earnings per share		$ 0.52		$ 0.10	
	Diluted earnings per share	6 (32)				
9850	Total diluted earnings per share		$ 0.48		$ 0.10	

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES INEQUITY
THREE MONTHS ENDED MARCH 31, 2022 AND2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, Unaudited)

		Equity attributable to owners of the parent								
				Retained earnings						
	Notes	Share capital-common stock	Capital surplus additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interest	Total	Non-controlling interest	Total equity
Three months ended March 31, 2021										
Balance at January 1, 2021		$ 2,093,332	$ 3,960,123	$ 2,006,040	$ 269,144	$ 3,433,731	$ 9,326	$ 11,771,696	$ 499,047	$ 12,270,743
Profit (loss) for the period		-	-	-	-	20,920	-	20,920	32,563	53,483
Other comprehensive income for the period		-	-	-	-	-	(174,245)	(174,245)	1,297	(172,948)
Total comprehensive income (loss) for the period		-	-	-	-	20,920	(174,245)	(153,325)	33,860	(119,465)
Appropriations and distribution of 2020 retained earnings:	6 (23)									
Cash dividends		-	-	-	-	(1,068,244)	-	(1,068,244)	-	(1,068,244)
Share-based payment	6 (20)	(556)	(8,025)	-	-	-	29,254	20,673	-	20,673
Balance at March 31, 2021		$ 2,092,776	$ 3,952,098	$ 2,006,040	$ 269,144	$ 2,386,407	($ 135,665)	$ 10,570,800	$ 532,907	$ 11,103,707
Three months ended March 31, 2022										
Balance at January 1, 2022		$ 2,165,100	$ 4,646,623	$ 2,152,834	$ 269,144	$ 3,349,676	($ 969,246)	$ 11,614,131	$ 540,492	$ 12,154,623
Profit (loss) for the period		-	-	-	-	110,289	-	110,289	40,503	150,792
Other comprehensive income for the period		-	-	-	-	-	203,476	203,476	24,417	227,893
Total comprehensive income (loss) for the period		-	-	-	-	110,289	203,476	313,765	64,920	378,685
Appropriations and distribution of 2021 retained earnings:	6 (23)									
Cash dividends		-	-	-	-	(866,040)	-	(866,040)	-	(866,040)
Share-based payment	6 (20)	(398)	(5,450)	-	-	-	29,988	24,140	-	24,140
Balance at March 31, 2022		$ 2,164,702	$ 4,641,173	$ 2,152,834	$ 269,144	$ 2,593,925	($ 735,782)	$ 11,085,996	$ 605,412	$ 11,691,408

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Three months ended March 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 151,741	$ 33,771
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plants and equipment	6(10)(29)	120,703	180,218
Depreciation expense - right-of-use assets	6(11)(29)	29,177	44,836
Amortization	6(12)(29)	37,221	32,723
Expected credit impairment loss	12(2)	109,096	623
Finance costs		19,956	13,825
Interest expense-lease liability	6(11)	930	2,662
Gain on financial assets or liabilities at fair value through profit or loss		(42,444)	(213)
Share of profit (loss) of associates and joint ventures accounted for using equity method	6(9)	40,182	(103,682)
Compensation cost of employee restricted shares	6(20)	24,141	20,673
Loss on disposal of property, plant and equipment	6(28)	694	1,786
Interest income	6(26)	(10,343)	(9,338)
Deferred income of government's compensation		(231)	(227)
Unrealized exchange gain		(91,493)	(37,936)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets/liabilities mandatorily measured at fair value through profit or loss		3,107	(3,429)
Accounts receivable (including related parties)		3,735,317	5,071,155
Other receivables (including related parties)		347,641	86,783
Inventories		(120,729)	(649,587)
Other current assets		128,284	151,542
Changes in operating liabilities			
Notes payable		-	(1)
Accounts payable		(1,784,492)	(1,553,752)
Accounts payable - related parties		(1,419,694)	(884,995)
Other payables		(227,957)	(293,277)
Other payables - related parties		115,497	28,786
Contract liabilities		88,893	61,982
Refund liabilities		(54,256)	-
Other current liabilities		(1,126)	(39,099)
Other non-current liabilities		-	878
Increase (decrease) in net defined benefit liability		(13,637)	-
Cash (outflow) inflow generated from operations		1,186,178	2,156,707
Interest received		6,269	4,367
Interest paid		(20,149)	(13,669)
Income taxes paid		(58,064)	(44,627)
Net cash flows from operating activities		1,114,234	2,102,778

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MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

		Three months ended March 31	
	Notes	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at fair value through profit or loss		$ -	($ 280,000)
Increase in amortized cost of a financial asset or financial liability		(438,017)	-
Decrease in amortized cost of a financial asset or financial liability		46,489	-
Acquisition of property, plant and equipment	6(33)	(135,231)	(356,167)
Proceeds from disposal of property, plant and equipment		444	19,642
Acquisition of intangible assets	6(33)	(4,017)	(15,516)
Decrease in other non - current assets		3,395	35,556
Increase in guarantee deposits paid		(743)	(1,747)
Net cash flows used in investing activities		(527,680)	(598,232)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(34)	73,735	554,520
Repayment of principal portion of lease liabilities	6(11)(34)	(26,531)	(47,556)
Increase in long-term borrowings		70,396	304,348
Decrease in long-term borrowings		(228,970)	-
Other non-current liabilities	6(34)	(8,594)	(5,877)
Net cash flows from (used in) financing activities		(119,964)	805,435
Effect of change in foreign currency exchange		213,173	(34,962)
Net increase in cash and cash equivalents		679,763	2,275,019
Cash and cash equivalents at beginning of period		4,841,969	3,046,963
Cash and cash equivalents at end of period		$ 5,521,732	$ 5,321,982

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, UNAUDITED)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company and its subsidiaries (collectively referred here in as the “Group”) are primarily engaged in manufacturing, processing, repairing, sales of electric appliance and audiovisual electric products, telecommunication equipment and apparatus electronic parts and components, computers and computing peripheral equipment, restrained telecom radio frequency equipment and medical appliances; planning, design, input as well as output of service items’ equipment; production as well as marketing management consultant of service items’ relevant business; and all business items that are not prohibited or restricted by law, except those that are subject to special approval. The Company’s shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange starting September 2000 with approval from the competent authority. The Company merged with its subsidiary, Huges Hi-Tech Inc., on September 1, 2005. The Company was the surviving company while Huges Hi-Tech Inc. was the dissolved company.

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

These consolidated financial statements were reported to the Board of Directors on April 28, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS3 “References to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “ Interest Rate Benchmark Reform— Phase 2”	January 1, 2022
Amendments to IAS 37 “Onerous Contract - Cost of Fulfilling a Contract” annual improvements 2018-2020	January 1, 2022

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

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

None.

(3) Impact on IFRS issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendments to IAS 1 "The disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8 "The definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

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

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business Activities	March 31, 2022	December 31, 2021	March 31, 2021	Description
MEHO	Merry Electronics (HK) Co., Ltd. (MEST)	Sales of the same products as the Company.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Thailand) Co.,Ltd. (METC)	The same main business as the Company.	99.99%	99.99%	99.99%	NOTE 1
MEHO	Merry Electronics (U.S.A.) Co.,Ltd. ("MECA")	Agency selling microphone and security system manufactured by affiliates.	99.90%	99.90%	99.90%	NOTE 1
MEHO	Danny Dynamics Limited ("DDBV")	Equity investments.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Singapore) Pte.Ltd. ("MESG")	Manufacturing of other electronic components and circuit board.	100.00%	100.00%	100.00%	
MEHO	Merry Healthcare Co., LTD. ("MHKY")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 2

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) March 31, 2022	Ownership (%) December 31, 2021	Ownership (%) March 31, 2021	Description
MEHO	Asian Elite International Ltd. (“MSCS”)	Manufacturing and sales of speaker and amplifier.	100.00%	100.00%	70.00%	NOTE 1,3
MEHO	Indigo Enterprise Inc. ("INSA")	Equity investments.	100.00%	100.00%	70.00%	NOTE 3
MEHO	Biotest Medical Corporation (“BTTT”)	Manufacturing of medical device.	-	-	100.00%	NOTE 2, 5
MEHO	MERRY & LUXSHARE (VIETNAM) CO., LTD. ("MEVN")	Manufacturing of speaker system and microphone for consumer electronics used.	51.00%	51.00%	51.00%	NOTE1
MEST	Merry Electronics (Shenzhen) Co., Ltd. ("MECL")	The same main business as the Company.	100.00%	100.00%	100.00%	
DDBV	Universal Capital Investment ("UCMU")	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
DDBV	Merrytech (HK) Co. Limited ("MTHK")	Equity investments.	100.00%	100.00%	100.00%	
INSA	Sonavox Canada Inc. ("SOCV")	Develop-to-order and appearance design of speaker and amplifier.	100.00%	100.00%	100.00%	
SOCV	Sonavox Canada Holding. ("SOCA")	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
SOCA	Seas Fabrikker ("SENM")	Manufacturing and sales of speaker monomer.	100.00%	100.00%	100.00%	NOTE 1
MHKY	Fulicare Co., Ltd. ("FUSA")	Sales of medical device.	96.01 %	96.01%	97.12%	NOTE 1
FUSA	Fulicare Medical Instruments (Suzhou) Co. ,Ltd. ("FUSZ")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Fulicare Medical Instruments (Xiamen) Co. ,Ltd. **("FUXM")**	Manufacturing of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Xiamen Etimbre Hearing Technology Co. ,LTD. ("ETCX")	Research and development, manufacturing as well as sales of hearing aid, hearing	100.00%	100.00%	100.00%	NOTE 1

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) March 31, 2022	Ownership (%) December 31, 2021	Ownership (%) March 31, 2021	Description
		device and acoustics equipment.				
FUSZ and FUSA	Austar Hearing Science And Technology (Xiamen) Co., Ltd ("ASCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	99.50%	99.50%	99.50%	NOTE 1
ASCX	Austar Hearing Science And Technology (Zhangzhou) Co., Ltd.("ASCZ")	Manufacturing of hearing aid and acoustics for rehabilitation device.	-	-	100.00%	NOTE 2,4
ASCX	Xiamen Laiyate Medical Devices Co., Ltd. ("LACX")	Research and development as well as technical sales of software functions for hearing aid.	100.00%	100.00%	100.00%	NOTE 1

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

Note 2: The financial statements of the entity as of and for the three months ended March 31, 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 3: On July 1, 2018, the Group acquired 70% share interest for cash of NTD 402,072 thousand in Asian Elite International Ltd. and Indigo Group from third parties, Newood Consultancy Limited and Keen Star Holding Limited, and agreed to acquire the remaining 30% equity interest on the maturity date of the three-year period after the settlement date in accordance with the related contract. After the three-year period matured, on June 30, 2021, the Company paid USD13,200 thousand (approximately NTD364,914 thousand) to acquire the remaining 30% of the Company's shares with a carrying amount of NTD115,106 thousand (shown as investment accounted for using equity method), and holding 100% of the total shares, please refer to Note 13, Tables (8) and (9). The registration of ownership was completed on August 23, 2021 and July 5, 2021, respectively

Note 4: On July 1, 2021, the Group’s Board of Directors resolved to cancel the registration of Zhangzhou Austar-hearing Technology Co., Ltd. The registration was completed on August 31, 2021.

Note 5: On October 28, 2021, the Group merged with the subsidiary, Biotest Medical Corporation, which was resolved by the respective Board of Directors, and the company was the surviving company, with the record date of merger on October 29, 2021. The losses on disposals of investments for the year ended December 31, 2021 amounted to NTD 8,140 thousand.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Employee benefits

Pensions

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

(5) Income tax

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

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	$ 919	$ 1,084	$ 1,127
Checking accounts and demand deposits	4,900,146	4,820,098	5,305,192
Time deposits	20,956	20,787	15,663
Short-term securities	599,711	-	-
	$ 5,521,732	$ 4,841,969	$ 5,321,982

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

B. The Group has cash and cash equivalents that are in restricted use due to the application of Taiwan Industry Innovation Platform Program (TIIP). Such restricted assets had been classified as financial assets at amortized cost. Please refer to Note 8.

C. The Group’s time deposits with maturity over 3 months had been classified as current financial assets at amortized cost on March 31, 2022, December 31, 2021 and March 31, 2021. Please refer to Note 6 (4).

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

Items	March 31,2022	December 31, 2021	March 31, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
-Funds	$ 50,000	$ 50,000	$ 50,000
- Forward Exchange Agreement	47,461	1,247	12,615
-Call options of convertible bonds	300	600	-
-Stocks	-	179	-
-Bonds	280,000	280,000	280,000
Valuation adjustment	6,419	6,974	2,809
Total	$ 384,180	$ 339,000	$ 345,424
Non-current items:			
Funds	$ 27,863	$ 27,863	$ 26,468
Valuation adjustment	(2,391)	(2,468)	-
	$ 25,472	$ 25,395	$ 26,468

Items	March 31,2022	December 31, 2021	March 31, 2021
Current items:			
Financial liabilities held for trading	$ 4,239	$ 3,020	$ 13,054

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

	Three months ended March 31	
	2022	2021
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 34,457	$ 30,277

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed as follows:

	March 31, 2022		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 46,000 thousand	2022/03/15~ 2022/10/17	NTD 28.263~28.613
Forward foreign exchange contract to buy	USD 87,000 thousand	2021/11/02~ 2022/12/28	NTD 27.557~28.561

Derivative instruments	December 31, 2021 Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 20,000 thousand	2021/12/24~ 2022/01/28	NTD 27.679~27.752
Forward foreign exchange contract to buy	USD 50,000 thousand	2021/11/02~ 2022/12/08	NTD 27.568~27.717

Derivative instruments	March 31, 2021 Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 49,500 thousand	2021/03/11~ 2021/04/29	NTD 28.113~28.584
Forward foreign exchange contract to sell	USD 2,000 thousand	2021/03/12~ 2021/04/07	CNY 6.493
Forward foreign exchange contract to buy	USD 67,500 thousand	2021/03/11~ 2021/06/30	NTD 28.017~28.696

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. As of March 31, 2022, December 31, 2021 and March 31, 2021, the collectible payments for settled transactions amounted to $0 thousand, $0 thousand and $167,973 thousand, respectively. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group had outstanding payments for settled transactions amounting to $4,701 thousand, $0 thousand and $168,581 thousand, respectively (shown as other payables).

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

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

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Debt instruments			
Bonds	$ -	$ -	$ 89,550
Valuation adjustment			
-through profit or loss	-	-	(3,945)
-through other comprehensive income	-	-	144
	-	-	85,749
Equity instruments			
Stocks	106,080	106,080	106,080
Valuation adjustment	4,000	4,615	2,848
	110,080	110,695	108,928
	$ 110,080	$ 110,695	$ 194,677

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Debt instruments			
Bonds	$ 144,625	$ 144,625	$ 144,625
Valuation adjustment			
-through profit or loss	(1,500)	(6,225)	(1,950)
-through other comprehensive income	1,670	2,941	5,220
	144,795	141,341	147,895
Equity instruments			
Listed stocks	$ 936,494	$ 936,494	$ 748,154
Unlisted stocks	78,769	78,143	73,871
	1, 015,263	1,014,637	822,025
Valuation adjustment	(268,751)	(145,687)	496,338
	746,512	868,950	1,318,363
Total	$ 891,307	$ 1,010,291	$ 1,466,258

A. The Group has elected to classify equity and debt investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,001,387 thousand, $1,120,986 thousand and $1,660,935 thousand as on March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

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

	Three months ended March 31	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 125,579)	($ 108,920)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ 4,725	$ 440
Fair value change recognized in other comprehensive income	($ 1,271)	$ 1,144
Interest income recognized in profit or loss	$ 1,362	$ 1,648

C. As on March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $1,001,387 thousand, $1,120,986 thousand and $1,660,935 thousand, respectively.

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

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12 (2).

F. The counterparties of the Company's investments in debt instruments have good credit quality; those debt securities are all rated as investment grade.

(4) Financial assets measured at amortized cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Time deposits with the maturity date over 3 months	$ 1,454,594	$ 1,029,073	$ 856,050
Pledged time deposits	-	-	12,200
Total	$ 1,454,594	$ 1,029,073	$ 868,250
Non-current items:			
Pledged time deposits	$ 3,853	$ 3,853	$ -

A. Amounts recognized in profit or loss in relation to the financial assets measured at amortized cost are listed below:

	Three months ended March 31	
	2022	2021
Interest income	$ 2,713	$ 3,648

B. As on March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets measured at amortized cost held by the Group was $1,458,447 thousand, $1,032,926 thousand and $868,250 thousand, respectively.

C. The credit risk of the Group's investment is stable. Information relating to credit risk of financial assets measured at amortized cost is provided in Note 12 (2). The Group's time deposits were transacted with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

D. Information relating to the Group's financial assets measured at amortized cost as pledged asset is provided in Note 8.

(5) Accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	$ 5,798,393	$ 9,400,544	$ 7,635,916
Less: Allowance for doubtful accounts	(147,129)	(35,425)	(30,117)
	$ 5,651,264	$ 9,365,119	$ 7,605,799

A. The aging analysis of accounts receivable is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Not past due	$ 5,543,944	$ 9,115,474	$ 7,434,773
Up to 30 days	83,292	159,214	171,205
31 to 90 days	40,974	112,412	6,755
91 to 180 days	57,411	1,445	5,794
Over 180 days	72,772	11,999	17,389
	$ 5,798,393	$ 9,400,544	$ 7,635,916

The above aging analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021, March 31, 2021, and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to $5,651,264 thousand, $9,365,119 thousand, $7,635,916 thousand and $12,441,418 thousand, respectively.

C. The Group insured against its accounts receivable since December, 2020, which the insured amount has been reviewed and granted by the insurance company. If bad debts occur, the insurance company will settle the claim up to 90% of the insured amount. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balance of insured accounts receivable amounted to $4,276,611 thousand, $9,116,623 thousand, and $5,689,797 thousand.

D. The Group does not hold any collateral as security.

E. The Group entered into a factoring agreement which has no right of recourse with ING BANK N.V., TAIPEI BRANCH and Bank of America on July 19, 2021 and October 2, 2019, respectively. As of March 31, 2022, December 31, 2021 and March 31, 2021, there were no accounts receivable that were outstanding and expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6 (6) for information on transfer of financial assets.

F. Information relating to credit risk of accounts receivable is provided in Note 12 (2).

(6) Transfer of financial assets

A. Transferred financial assets that are derecognized in their entirety

None for March 31, 2022, December 31, 2021 and March 31, 2021.

B. Transferred financial assets that are not derecognized in their entirety

a. On July 19, 2021, the Group entered into a factoring agreement with ING BANK N.V., TAIPEI BRANCH to sell its accounts receivable. In accordance with the agreement, the Group transferred first 90% of accounts receivable and has obligated to provide partial guarantees for the default risk of the transferred accounts receivable. Therefore, the Group has not derecognized the accounts receivable sold in their entirety and may not pledge these accounts receivable to a third party.

b. As of March 31, 2022, December 31, 2021 and March 31, 2021, the related information of the transferred accounts receivable sold that the Group continuously recognized to the extent of continuing involvement were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total carrying amount of the original assets before transferring	$ -	$ 1,572,403	$ -
Carrying amount of the assets continuously recognized	-	157,240	-

(7) Inventories

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,494,754	($ 132,557)	$ 2,362,197
Work in progress	855,324	(13,333)	841,991
Finished goods	2,279,823	(82,206)	2,197,617
	$ 5,629,901	($ 228,096)	$ 5,401,805

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,232,480	($ 110,135)	$ 2,122,345
Work in progress	501,417	(14,359)	487,058
Finished goods	2,637,211	(100,572)	2,536,639
	$ 5,371,108	($ 225,066)	$ 5,146,042

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,815,458	($ 71,470)	$ 1,743,988
Work in progress	815,678	(7,792)	807,886
Finished goods	1,982,729	(126,135)	1,856,594
	$ 4,613,865	($ 205,397)	$ 4,408,468

The cost of inventories recognized as expense for the period:

	Three months ended March 31	
	2022	2021
Cost of goods sold	$ 5,113,904	$ 6,848,897
Loss on scrapping inventory	23,273	10,674
Loss on slow-moving inventories and decline in market value	3,030	92,090
Loss (gain) on physical inventory	-	(122)
	$ 5,140,207	$ 6,951,539

(8) Other current assets

	March 31, 2022	December 31, 2021	March 31, 2021
Tax refund receivable (including input tax)	$ 133,950	$ 244,568	$ 310,658
Prepayment for purchases	15,981	9,545	20,534
Contract assets	-	-	70,954
Others	97,109	98,774	155,442
	$ 247,040	$ 352,887	$ 557,588

(9) Investments accounted for using the equity method

	Three months ended March 31	
	2022	2021
At January 1	$ 4,699,769	$ 4,479,708
Share of profit or loss of investments accounted for using the equity method	(40,183)	103,682
Changes in other equity items	174,321	(34,827)
Credit balance of investments accounted for using the equity method transferred to non-current liabilities	37	2
At March 31	$ 4,833,944	$ 4,548,565

A. Details are as follows：

	March 31, 2022	December 31, 2021	March 31, 2021
Associates with significant influence			
Merry Electronics (Suzhou) Co., Ltd. (MECE)	$ 3,237,977	$ 3,172,561	$ 3,159,552
Associates with insignificant influence			
Merry Electronics (Huizhou) Co., Ltd. (MECH)	1,163,408	1,107,434	965,069
Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG)	392,044	377,046	374,078
Leohab Enterprise Co., Ltd. (LEOHAB)	40,515	42,728	49,866
Merry Electronics (Shanghai)Co., Ltd. (MECS)	(1,096)	(1,059)	(1,072)
Subtotal	4,832,848	4,698,710	4,547,493
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	1,096	1,059	1,072
	$ 4,833,944	$ 4,699,769	$ 4,548,565

B. Share of profit (loss) of associates accounted for using the equity method：

	Three months ended March 31	
Investee	2022	2021
MECE	($ 53,246)	$ 36,520
MECH	14,354	61,427
MEDG	923	4,069
LEOHAB	(2,215)	1,673
MECS	1	(7)
	($ 40,183)	$ 103,682

C. Associates

(a) The basic information of the associates that is material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio March 31, 2022	Shareholding ratio December 31, 2021	Shareholding ratio March 31, 2021	Nature of relationship	Method of measurement
MECE	Mainland of China	49.00%	49.00%	49.00%	Holding more than 20% of voting right	Equity method

(b) The summarized financial information of the associates that is material to the Group is as follows:

Balance sheet

	MERRY ELECTRONICS (SUZHOU) CO., LTD.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	$ 3,730,883	$ 4,500,794	$ 4,271,535
Non-current assets	6,361,921	6,007,307	6,646,335
Current liabilities	(3,392,915)	(3,860,498)	(3,840,968)
Non-current liabilities	(59,242)	(55,549)	(482,451)
Total net assets	$ 6,640,647	$ 6,592,054	$ 6,594,451
Share in associate's net assets	$ 3,253,917	$ 3,230,106	$ 3,231,281
Realized (unrealized) gain or loss from upstream and side stream transactions	(15,940)	(57,545)	(71,729)
Carrying amount of the associate	$ 3,237,977	$ 3,172,561	$ 3,159,552

Statement of comprehensive income

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Three months ended March 31	
	2022	2021
Revenue	$ 1,415,937	$ 2,349,138
Profit for the period from continuing operations	($ 193,575)	$ 80,741
Total comprehensive income	($ 193,575)	$ 80,741

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(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

	Three months ended March 31	
	2022	2021
Share of profit of associates and joint ventures accounted for using the equity method	$ 13,063	$ 67,162
Other comprehensive income (loss), net of tax	44,527	(9,526)
Total comprehensive income	$ 57,590	$ 57,636

(Remainder of page intentionally left blank)

(10) Property, plant and equipment

	Three months ended March 31, 2022					
Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 790,477	$ -	$ -	$ -	$ 1,125	$ 791,602
Land improvements	543	-	-	-	19	562
Buildings and structures	1,484,904	2,016	-	3,094	50,592	1,540,606
Machinery	2,785,124	22,707	(499)	3,066	105,167	2,915,565
Transportation equipment	21,063	768	-	-	647	22,478
Office equipment	276,950	1,549	(1,626)	-	7,742	284,615
Others	241,388	2,966	(91)	-	8,783	253,046
Unfinished construction	208,125	26,012	(1,128)	(6,160)	489	227,338
Total	$ 5,808,574	$ 56,018	($ 3,344)	$ -	$ 174,564	$ 6,035,812
Accumulated depreciation						
Land	$ -	$ -	$ -	$ -	$ -	$ -
Land improvements	(543)	-	-	-	(19)	(562)
Buildings and structures	(508,737)	(18,824)	-	-	(17,747)	(545,308)
Machinery	(1,031,903)	(86,075)	496	-	(37,432)	(1,154,914)
Transportation equipment	(14,329)	(441)	-	-	(448)	(15,218)
Office equipment	(189,640)	(7,914)	1,619	-	(5,165)	(201,100)
Others	(112,419)	(7,449)	91	-	(4,143)	(123,920)
Total	($ 1,857,571)	($ 120,703)	$ 2,206	$ -	($ 64,954)	($ 2,041,022)
	$ 3,951,003					$ 3,994,790

Three months ended March 31, 2021						
Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 794,952	$ -	$ -	$ -	($ 1,507)	$ 793,445
Land improvements	621	-	-	-	(26)	595
Buildings and structures	1,284,577	1,875	-	34,405	(12,948)	1,307,909
Machinery	2,366,092	240,111	(117,894)	205	(26,610)	2,461,904
Transportation equipment	30,451	270	(1,571)	-	(217)	28,933
Office equipment	279,929	4,600	(4,257)	-	(2,211)	278,061
Others	247,668	25,311	(3,619)	-	(1,755)	267,605
Unfinished construction	272,471	58,357	(748)	(34,610)	500	295,970
Total	$ 5,276,761	$ 330,524	($ 128,089)	$ -	($ 44,774)	$ 5,434,422
Accumulated depreciation						
Land improvements	($ 621)	$ -	$ -	$ -	$ 26	($ 595)
Buildings and structures	(467,206)	(90,996)	74,580	-	6,170	(477,452)
Machinery	(811,707)	(71,328)	27,609	-	9,356	(846,070)
Transportation equipment	(20,392)	(895)	1,571	-	139	(19,577)
Office equipment	(171,656)	(7,564)	2,218	-	1,281	(175,721)
Others	(110,441)	(9,435)	683	-	718	(118,475)
Total	($ 1,582,023)	($ 180,218)	$ 106,661	$ -	$ 17,690	($ 1,637,890)
	$ 3,694,738					$ 3,796,532

A. The Group has no property, plant and equipment that apply to capitalization of borrowing costs.

B. The Group has no property, plant and equipment pledged to others as collateral.

(11) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 1 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	$ 87,743	$ 85,403	$ 91,811
Buildings and structures	90,280	108,327	218,521
Machinery and equipment	3,623	3,851	5,430
Transportation equipment	2,151	2,538	2,356
Other equipment	80	105	166
	$ 183,877	$ 200,224	$ 318,284

	Three months ended March 31	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 1,213	$ 1,220
Buildings and structures	27,150	42,810
Machinery and equipment	369	380
Transportation equipment	397	353
Office equipment	48	53
Other equipment	-	20
	$ 29,177	$ 44,836

C. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were $4,716 thousand and $7,415 thousand, respectively.

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

	Three months ended March 31	
Items affecting profit or loss	2022	2021
Interest expense on lease liabilities	$ 930	$ 2,662

E. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases were $27,461 thousand and $47,556 thousand, respectively.

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(12) Intangible assets

	Three months ended March 31, 2022			
Cost	Opening balance	Additions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 931,678	$ -	$ -	$ 931,678
Computer software	590,844	3,199	1,482	595,525
Customer relationship	326,550	-	-	326,550
Trademarks	61,481	-	-	61,481
Know-how	115,748	-	-	115,748
Others	38,093	913	172	39,178
Total	$ 2,064,394	$ 4,112	$ 1,654	$ 2,070,160
Accumulated amortization				
Computer software	($ 406,530)	($ 17,798)	($ 611)	($ 424,939)
Customer relationship	(153,503)	(11,016)	-	(164,519)
Trademarks	(18,885)	(1,380)	-	(20,265)
Know-how	(81,024)	(5,787)	-	(86,811)
Others	(28,273)	(1,240)	(58)	(29,571)
Total	($ 688,215)	($ 37,221)	($ 669)	($ 726,105)
	$ 1,376,179			$ 1,344,055

	Three months ended March 31, 2021			
Cost	Opening balance	Additions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 937,379	$ -	$ -	$ 937,379
Computer software	500,570	11,257	65	511,892
Customer relationship	326,550	-	-	326,550
Trademarks	61,481	-	-	61,481
Know-how	115,748	-	-	115,748
Others	41,805	1,040	40	42,885
Total	$ 1,983,533	$ 12,297	$ 105	$ 1,995,935
Accumulated amortization				
Computer software	($ 356,307)	($ 12,822)	($ 309)	($ 369,438)
Customer relationship	(109,439)	(11,016)	-	(120,455)
Trademarks	(13,367)	(1,380)	-	(14,747)
Know-how	(57,874)	(5,787)	-	(63,661)
Others	(28,456)	(1,718)	(10)	(30,184)
Total	($ 565,443)	($ 32,723)	($ 319)	($ 598,485)
	$ 1,418,090			$ 1,397,450

A. Details of amortization on intangible assets are as follows:

	Three months ended March 31	
	2022	2021
Operating costs	$ 3,111	$ 3,417
Selling expenses	3,278	3,047
Administrative expenses	19,984	16,424
Research and development expenses	10,848	9,835
	$ 37,221	$ 32,723

B. As of March 31, 2022, the Group merged with Huges Hi-Tech Inc on September 1, 2005. Thus, the transaction generated goodwill in the amount of $139,735 thousand. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows: The cash flow projections are based on financial budgets approved by the management covering a five-year period, the Company is committed to developing and taking bluetooth orders and estimates a 10% year-on-year growth in sales as the Company will launch new products and improve its technology.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rate of 1.31% used was pre-tax and reflected specific risks relating to the relevant operating segments.

C. As of March 31, 2022, the goodwill arose from acquiring Asian Elite International Ltd. and Indigo Enterprise Inc. amounting to $581,644 thousand due to the benefits from production technology and market channel such as smart speakers of the companies that expected to be merged. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking smart speaker orders, it expects 12% to 29% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 17.26% used was pre-tax.

D. As of March 31, 2022, the goodwill arose from acquiring Austar Hearing Science And Technology (Xiamen) Co., Ltd. amounting to $210,299 thousand due to the benefits from production technology and market channel such as smart speakers of the companies that are expected to be merged. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill was not impaired. The key assumptions used for value-in-use calculations are as follows:

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking smart speaker orders, it expects 3% to 17% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rate of 15.72% used was pre-tax and reflected specific risks relating to the relevant operating segments.

E. The Group had no intangible assets pledged to others as collaterals.

(13) Other non-current assets

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for property, plant and equipment (including intangible asset)	$ 129,234	$ 118,448	$ 131,369
Refundable deposits	63,345	60,953	72,950
Others	28,436	28,417	40,517
	$ 221,015	$ 207,818	$ 244,836

(14) Short-term borrowings

Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,883,941	0%~4.00%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,738,289	0%~4.00%	None

Type of borrowings	March 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,771,843	0%~4.35%	None

A. Interest expense recognized in profit or loss amounted to $8,335 thousand and $5,763 thousand for the three months ended March 31, 2022 and 2021, respectively.

B. The Group provided endorsements and guarantees for the credit loans as of March 31, 2022, December 31, 2021 and March 31, 2021.

(15) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Dividend payable	$ 866,040	$ -	$ 1,068,244
Payroll and bonus payable	264,974	403,284	338,313
Payables on equipment (Including intangible assets)	132,199	200,531	341,521
Employee compensation payable	90,576	99,764	102,108
Directors' remuneration payable	24,187	21,976	25,984
Other payables - financial liabilities	4,701	-	168,581
Others	354,720	416,948	475,998
	$ 1,737,397	$ 1,142,503	$ 2,520,749

Please refer to Note 6 (2) for the above-mentioned other payables - financial liabilities.

(16) Other current liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Current lease liability	$ 32,750	$ 46,597	$ 134,018
Agreed liabilities on acquisition of subsidiaries (Note)	-	-	402,072
Other current liabilities - others	27,527	25,026	65,514
	$ 60,277	$ 71,623	$ 601,604

Note: The Group acquired 70% of ordinary shares of Asian Elite International Ltd. and Indigo Enterprise Inc. in cash on July 1, 2018, with an agreement of acquisition of the remaining 30% ordinary shares by the Group after 3 years from the trading date. In accordance with the relevant contracts, the Group had recognized 30% of subsequent equity investment obligations. Please refer to Note 4 (3).

(17) Bonds payable

	March 31, 2022	December 31, 2021	March 31, 2021
Bonds payable	$ 3,000,000	$ 3,000,000	$ 2,231,900
Less: Discount on bonds payable	(67,470)	(74,411)	(20,994)
Sub-total	2,932,530	2,925,589	2,210,906
Less: Expiring within one year	-	-	(2,210,906)
	$ 2,932,530	$ 2,925,589	$ -

A. The details of the second domestic unsecured convertible bonds issued by the Company on December 11, 2018 are as follows:

(a) The terms of the second domestic unsecured convertible bonds issued by the Company are as follows:

i. The competent authority has approved the Company's second issuance of domestic unsecured corporate bonds. The bonds are for a total issuance amount of $3,015,000 thousand and a coupon rate of 0%, cover a 3-year period of issuance and a circulation period from December 11, 2018 to December 11, 2021, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on December 11, 2018.

ii. The creditors have the right to ask for conversion of the bonds into common shares of the Company by Taiwan Depository & Clearing Corporation through Securities Firms during the period from the date after three months of the bonds issue to the maturity date, except for (i) the stop transfer period for common shares as specified in the terms of the bonds or the laws/regulations; (ii) the Company's book closure date of stock dividends, book closure date of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of share trading after shares are repurchased. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of March 31, 2021, the conversion price of convertible bonds was $132.8 per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value, based on the Company's redemption rights to the bonds under Article 18 of the terms of issuance and conversion, after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of issuance and conversion, all bonds redeemed (including bonds repurchased from the securities trading markets), matured and converted are retired and not to be sold or re-issued; the conversion rights attached to the bonds are also extinguished.

(b) As of March 31, 2021, the bonds amounting to $768,100 thousand (face value) had been converted into 5,299 thousand shares of common stock. After the issuance of the convertible bonds, if the number of common shares increases, the Company shall adjust the conversion price to $132.8 per share in line with the formula of the issuance article.

B. The details of the third domestic unsecured convertible bonds issued by the Company on August 11, 2021 are as follows:

(a) The terms of the third domestic unsecured convertible bonds issued by the Company are as follows:

i. The competent authority has approved the Company's third issuance of domestic unsecured corporate bonds. The bonds are for a total issuance amount of $3,015,000 thousand and a coupon rate of 0%, cover a 3-year period of issuance and a circulation period from August 11, 2021 to August 11, 2024, and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on August 11, 2021.

ii. The creditors have the right to ask for conversion of the bonds into common shares of the Company by Taiwan Depository & Clearing Corporation through Securities Firms during the period from the date after three months of the bonds issue to the maturity date, except for (i) the stop transfer period for common shares as specified in the terms of the bonds or the laws/regulations; (ii) the Company's book closure date of stock dividends, book closure date of cash dividends, the period between the date that is 15 business days before the book closure date of a capital increase to the ex-right date; (iii) the period between the record date of a capital reduction and the prior day before the commencement of share trading after shares are repurchased; (iv) the period from the first day on which stock face value changes stop to the day before the transaction of new shares exchange . The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of March 31, 2022, the conversion price of convertible bonds was $116.3 per share.

iv. The Company may repurchase all the bonds outstanding in cash at the bonds' face value, based on the Company's redemption rights to the bonds under Article 18 of the terms of issuance and conversion, after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

v. Under the terms of issuance and conversion, all bonds redeemed (including bonds repurchased from the securities trading markets), matured and converted are retired and not to be sold or re-issued; the conversion rights attached to the bonds are also extinguished.

(b) As of March 31, 2022, the face value of bonds had not been converted into shares of common stock.

C. Regarding the issuance of convertible bonds, the equity conversion options amounting to $96,857 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32 as of March 31, 2022. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2022
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2)	0.30%~0.63%	None	$ 313,889
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.60%~1.45%	None	1,096,200
				1,410,089
Less: Expiring within one year or one operating cycle				(202,066)
				$ 1,208,023

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2)	0.30%~0.93%	None	$ 520,000
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly;	0.35%~1.20%	None	1,038,655

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
	principal is repayable starting from 2022			
				1,558,655
Less: Expiring within one year or one operating cycle				(170,074)
				$ 1,388,581

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2023 (Note 1, 2)	0.30%~0.40%	None	$ 320,000
Secured loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2023	0.35%~1.20%	None	780,847
				1,100,847
Less: Expiring within one year or one operating cycle				(6,112)
				$ 1,094,735

The interest expense recognized in profit or loss for the three months ended March 31, 2022 and 2021 amounted to $2,781 thousand and $956 thousand, respectively.

Note 1: In November 2019, the Company entered into a long-term loan contract with Taipei Fubon Bank for the total amount of $393,889 thousand. As of March 31, 2022, the drawn amount was $213,889 thousand.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio shall not be higher than 200%;

(c) Interest coverage ratio shall not be lower than 10.

(d) Tangible assets ratio shall not be lower than $8 billion.

Note 2: In February 2020, the Company entered into a long-term loan contract with JIHSUN BANK for the total amount of $300,000 thousand. As of March 31, 2022, the drawn amount was $100,000 thousand.

Aforementioned contract conditions:

During the credit period, the following financial ratios shall be maintained and the audited / reviewed financial statements by independent auditors shall be checked semi-annually:

(a) Current ratio shall not be lower than 100%;

(b) Debt ratio shall not be higher than 250%;

(c) Tangible assets shall be maintained at least $8 billion.

(19) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 5.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021 were $245 thousand and $170 thousand, respectively.

(c) The Company expects to pay contribution for pension plan amounting to $7,685 thousand in 2023.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The subsidiaries, MECL, MSCS, ASCX, ETCX, ASCZ, LACX, FUXM and FUSZ, in Mainland

China have set up a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The subsidiary, METC, in Thailand is required to pay pension of up to 10 months of employee salaries to the employees upon their retirement. The pension liability is estimated annually based on the employees' total salaries and expected service years in accordance with the regulations of the Thailand government.

(d) The subsidiary, MEVN, in Vietnam is subject to related local regulation, which is required to contribute a statutory percentage of the employees' monthly salaries and wages to the employees' pension funds, and to pay it to the competent authority. Other than the monthly contributions, the Group has no further obligations.

(e) The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021 were $37,022 thousand and $36,727 thousand, respectively.

(20) Share-based payment

A. For the three months ended March 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grand date	Quantity granted	Contract period	Vesting condition
The 2nd restricted stocks to employees in 2016	2017/06/16	458 units	3 years	Note
The 1st restricted stocks to employees in 2017	2017/12/29	196 units	3 years	Note
The 2nd restricted stocks to employees in 2017	2018/10/26	878 units	3 years	Note
The 1st restricted stocks to employees in 2019	2019/11/02	813 units	3 years	Note
The 2nd restricted stocks to employees in 2019	2020/08/05	387 units	3 years	Note
The 1st restricted stocks to employees in 2020	2021/05/31	416 units	3 years	Note
The 2nd restricted stocks to employees in 2020	2021/07/30	1,504 units	3 years	Note
Stocks from capital increase reserved for employees subscription in 2021	2021/10/27	900 units	Vested immediately	-

Note: Depending on the employee's tenure in the Company (1 to 3 years), the employees can vest stocks at the ratio of 30%, 30% and 40% in three years based on the number of stocks written on the notification. The conditions for vesting restricted stocks are as follows:

(a) For the employees who are currently working in the Company, whose services have reached 1 year and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of vested share ratio is 30%.

(b) For the employees who are currently working in the Company, whose services have reached 2 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 60%.

(c) For the employees who are currently working in the Company, whose services have reached 3 years and achieved the performance of the most recent year's consolidated financial statements and the target personal performance, the ceiling of accumulated vested share ratio is 100%.

(d) The Company will repurchase and retire the stocks that do not meet the conditions of vesting for the employees who resign during the vesting period or do not meet the condition of vesting by the issuance price.

The aforementioned restricted stocks issued by the Company cannot be transferred during the vesting period and the commissioned trust custodians execute the shareholders' rights on behalf of the employees.

B. Details of the share-based payment arrangements are as follows:

(a) The second restricted stocks to employees in 2016

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At March 31	-	$ 10	4	$ 10

(b) The first restricted stocks to employees in 2017

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ -	1	$ -
Restricted stocks vested	-	-	(1)	-
At March 31	-	-	-	-

(c) The second restricted stocks to employees in 2017

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ -	318	$ -
Restricted stocks vested	-	-	(5)	-
Restricted stocks retired		-	(13)	-
At March 31	-	-	300	-

(d) The first restricted stocks to employees in 2019

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	284	$ -	545	$ -
Restricted stocks retired	(10)	-	(22)	-
At March 31	274	-	523	-

(e) The second restricted stocks to employees in 2019

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	244	$ -	382	$ -
Restricted stocks retired	(18)	-	(20)	-
At March 31	226	-	362	-

(f) The first restricted stocks to employees in 2020

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At March 31	416	$ -	-	$ -

(g) The second restricted stocks to employees in 2020

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	1,473	$ -	-	$ -
Restricted stocks retired	(12)	-	-	-
At March 31	1,461	-	-	-

C. The fair value of stock options granted on grant date is measured using the closing price on the grant date. Relevant information is as follows:

Type of arrangement	Grand date	Stock price	Exercise price	Fair value per unit
The 2nd restricted stocks to employees in 2016	2017/06/16	187.0	10.0	177.0
The 1st restricted stocks to employees in 2017	2017/12/29	194.5	0	194.5
The 2nd restricted stocks to employees in 2017	2018/10/26	139.5	0	139.5
The 1st restricted stocks to employees in 2019	2019/11/02	150.0	0	150.0
The 2nd restricted stocks to employees in 2019	2020/08/05	169.0	0	169.0
The 1st restricted stocks to employees in 2020	2021/05/31	107.5	0	107.5
The 1st restricted stocks to employees in 2020	2021/07/30	111.0	0	111.0
Stocks from capital increase reserved for employees subscription in 2021	2021/10/27	82.0	72.0	10.0

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

	Three months ended March 31	
	2022	2021
Equity-settled	$ 24,140	$ 20,673

(21) Share capital

A. As of March 31, 2022, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,165,100 thousand with a par value of $10 (in dollars) per share.

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

	2022	2021
At January 1	216,510	209,333
Employee restricted shares retired	(40)	(55)
At March 31	216,470	209,278

(a) The Company retired 55 thousand employee restricted shares as resolved at the meeting of the Board of Directors on April 29, 2021 with the capital reduction effective date set on May 3, 2021. The capital reduction through retirement of employee restricted shares was completed.

(b) The Company retired 11 thousand employee restricted shares as resolved at the meeting of the Board of Directors on April 28, 2022 with the capital reduction effective date set on May 6, 2022.

As of April 28, 2022, the registration was still in progress.

(22) Capital surplus

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

	2022				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,035,505	$ 96,857	$ 267,825	$ 246,436	$ 4,646,623
Restricted stocks retired	-	-	(5,450)	-	(5,450)
At March 31	$ 4,035,505	$ 96,857	$ 262,375	$ 246,436	$ 4,641,173

	2021				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 3,665,902	$ 99,191	$ 170,825	$ 24,205	$ 3,960,123
Restricted stocks vested	784	-	(784)	-	-
Restricted stocks retired	-	-	(8,025)	-	(8,025)
At March 31	$ 3,666,686	$ 99,191	$ 162,016	$ 24,205	$ 3,952,098

(23) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, after deduction of mandatory income tax, shall first be used to offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior year shall be proposed by the Board of Directors and approved by the shareholders. The Board of Directors may, based on financial, business and operating perspectives, propose a distribution of earnings within an amount at least 30% of the new distributable earnings and not more than 80% of the accumulated distributable earnings for the current period. The dividends shall be preferably distributed in the form of cash, and can be appropriated in the shares. The ratio of cash dividends shall account for at least 30% of the total dividends distributed. All or partial of dividend and bonus that are distributed in the form of cash will be resolved and reported to the shareholders if more than 2/3 of the directors attend the Board of

Directors' meeting and more than 1/2 of the directors present at the meeting have agreed.

B. The Company's dividend policy is summarized below: as the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. In order to encourage employees and operation team, if the Company has any profit for the current year, the Company shall set aside 5% to 10% as employees' compensation and no more than 2% as directors' remuneration. The employees' compensation shall be distributed in the form of stock and cash 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 and report it in the shareholders' meeting. Employees entitled to receive stock or cash as compensation include employees of subsidiaries of the company meeting certain specific requirement.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate- 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of March 31, 2022, the balance of capital surplus as aforementioned was $269,144 thousand.

E. The Company distributed cash dividends amounting to $5.16 (in dollars) per share as resolved at the meeting of Board of Directors on July 21, 2021. The abovementioned distribution of earnings for the years ended December 31, 2020 was in agreement with those amounts proposed by the Board of Directors on February 25, 2021.

F. The appropriation of cash dividends of 2021 as resolved by the Board of Directors on February 24, 2022 amounted to $4.

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(24) Other equity items

2022	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 605,572)	$ 2,941	($ 146,299)	($ 220,316)	($ 969,246)
Amortization of employee restricted stocks	-	-	-	24,140	24,140
Restricted stocks retired	-	-	-	5,848	5,848
Revaluation – gross	-	(1,271)	(125,579)	-	(126,850)
Revaluation – tax	-	-	(1,359)	-	(1,359)
Currency translation differences:					
-Group	240,284	-	-	-	240,284
-Tax on Group	(48,057)	-	-	-	(48,057)
-Associates	174,321	-	-	-	174,321
-Tax on associates	(34,863)	-	-	-	(34,863)
At March 31	($ 273,887)	$ 1,670	($ 273,237)	($ 190,328)	($ 735,782)

2021	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 438,569)	$ 4,220	$ 601,816	($ 158,141)	$ 9,326
Amortization of employee restricted stocks	-	-	-	20,673	20,673
Restricted stocks retired	-	-	-	8,581	8,581
Revaluation – gross	-	1,144	(108,920)	-	(107,776)
Revaluation – tax	-	-	(1,113)	-	(1,113)
Currency translation differences:					
-Group	(46,463)	-	-	-	(46,463)
-Tax on Group	9,293	-	-	-	9,293
-Associates	(34,827)	-	-	-	(34,827)
-Tax on associates	6,641	-	-	-	6,641
At March 31	($ 503,925)	$ 5,364	$ 491,783	($ 128,887)	($ 135,665)

(25) Operating revenue

	Three months ended March 31	
	2022	2021
Revenue from contracts with customers	$ 6,018,343	$ 7,734,792

A. Disaggregation of revenue from contracts with customers

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

Three months ended March 31, 2022	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$ 4,225,658	$ 1,101,582	$ 1,311,929	$ 924,381	$ 898,432	$ 8,461,982
Revenue from internal segment transactions	(330)	(992,278)	-	(846,354)	(604,677)	(2,443,639)
Revenue from external customer contracts	4,225,328	109,304	1,311,929	78,027	293,755	6,018,343
Main Region						
Europe	1,735,686	26,461	954,879	-	64,032	2,781,058
US	2,050,292	-	357,050	-	125,609	2,532,951
Mainland China	79,047	82,843	-	-	95,894	257,784
Taiwan	327,188	-	-	-	-	327,188
Others	33,115	-	-	78,027	8,220	119,362
	$ 4,225,328	$ 109,304	$ 1,311,929	$ 78,027	$ 293,755	$ 6,018,343

Three months ended March 31, 2021	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 5,478,149	$ 2,649,230	$ 1,460,395	$ 1,857,815	$ 11,445,589
Revenue from internal segment transactions	(55,674)	(2,102,369)	-	(1,552,754)	(3,710,797)
Revenue from external customer contracts	5,422,475	546,861	1,460,395	305,061	7,734,792
Main Region					
Europe	2,758,027	36,542	1,328,469	76,011	4,199,049
US	2,321,479	247	124,725	129,962	2,576,413
Mainland China	118,427	509,898	-	92,036	720,361
Taiwan	205,431	174	-	1,634	207,239
Others	19,111	-	7,201	5,418	31,730
	$ 5,422,475	$ 546,861	$ 1,460,395	$ 305,061	$ 7,734,792

B. Contract assets and liabilities：

(a) The Group has recognized the following revenue-related contract assets (shown in other current assets) and liabilities (shown in other current liabilities):

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract assets	$ -	$ -	$ 70,954	$ 43,363
Contract liabilities	$ 964,076	$ 874,000	$ 688,726	$ 627,002
Refund liabilities	$ 200,583	$ 246,964	$ 313,981	$ 343,164

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

	Three months ended March 31	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 64,771	$ 54,720

(26) Interest income

	Three months ended March 31	
	2022	2021
Interest income from bank deposits	$ 8,981	$ 7,690
Interest income from financial assets at fair value through other comprehensive income	1,362	1,648
	$ 10,343	$ 9,338

(27) Other income

	Three months ended March 31	
	2022	2021
Government grants	$ 38,917	$ 22,238
Sample income	9,200	2,457
Rent income	302	1,912
Other income	3,771	10,339
	$ 52,190	$ 36,946

(28) Other gains and losses

	Three months ended March 31	
	2022	2021
Gains on financial assets / liabilities at fair value through profit or loss	$ 34,457	$ 30,277
Foreign exchange (loss) gain	144,944	(48,579)
Losses on disposals of property, plant and equipment	(694)	(1,786)
Other gains and losses	(1,889)	(3,355)
	$ 176,818	($ 23,443)

(29) Expenses by nature

	Three months ended March 31	
	2022	2021
Employee benefit expense	$ 715,315	$ 907,859
Depreciation charge - property, plant and equipment	120,703	180,218
Depreciation charge - right-of-use assets	29,177	44,836
Amortization charge	37,221	32,723
	$ 902,416	$ 1,165,636

(30) Employee benefit expense

	Three months ended March 31	
	2022	2021
Wages and salaries	$ 594,195	$ 783,755
Share-based payments	25,393	21,846
Labor and health insurance fees	18,677	19,416
Pension costs	37,267	36,897
Other personnel expenses	39,783	45,945
	$ 715,315	$ 907,859

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5~10% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. The details of employees' compensation and directors' and supervisors' remuneration of the Company are as follows:

	Three months ended March 31	
	2022	2021
Employees' compensation	$ 9,580	$ 1,773
Directors' and supervisors' remuneration	2,211	409
	$ 11,791	$ 2,182

The abovementioned amounts were recognized in wages and salaries based on profit status of the current year. Employees' compensation was estimated at 6.5% and 6.5% of the profit for the three months ended March 31, 2022 and 2021, respectively. Directors' remuneration was estimated at 1.5% and 1.5% of the profit for the three months ended March 31, 2022 and

2021, respectively.

Employees' compensation and directors' remuneration of 2021 as resolved at the Board of Directors' meeting were in agreement with those amounts recognized in the profit or loss of 2021.

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

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31	
	2022	2021
Current tax:		
Current tax on profits for the period	$ 47,914	($ 19,421)
Prior year income tax underestimation	-	3,314
Total current tax	47,914	(16,107)
Deferred tax:		
Origination and reversal of temporary differences	(46,965)	(3,605)
Income tax (gain) expense	$ 949	($ 19,712)

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

	Three months ended March 31	
	2022	2021
Exchange differences changes on translation of foreign financial statements - the Group	($ 48,057)	$ 9,293
Exchange differences changes on translation of foreign financial statements - associates	(34,863)	6,641
Changes in fair value of financial assets at fair value through other comprehensive income	(1,359)	(1,113)
	($ 84,279)	$ 14,821

B. The investment in Merry Electronics (HK) Co., Ltd. and Merry Electronics (U.S.A.) Co., Ltd., of which the undistributed earnings of the investee company were used as permanent investment and were not distributed, and the losses were not compensated before 2020. Therefore, no deferred income tax arising from the difference between the carrying amount of the long-term equity investments and its tax bases had been recognized. However, for the profit from the above-mentioned reinvested companies, based on the overall operation planning, the earnings arising from these companies after 2001 are intended to be distributed and repatriated. Accordingly, deferred income tax liabilities and assets arising from this portion of earnings or losses are recognized since 2001.

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

D. Merry Healthcare Co., Ltd. Taiwan Branch (CAYMAN) income tax returns through 2020 have been assessed and approved by the Tax Authority.

E. Fulicare Co., Ltd. Taiwan Branch (SAMOA) income tax returns through 2020 have been assessed and approved by the Tax Authority.

(32) Earnings per share

	Three months ended March 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 110,289	213,691	$ 0.52
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	110,289	213,691	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	784	
Convertible bonds	5,792	25,795	
Employee restricted shares	-	176	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 116,081	240,446	$ 0.48

	Three months ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 20,920	207,683	$ 0.10
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	20,920	207,683	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	511	
Employee restricted shares	-	244	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 20,920	208,438	$ 0.10

A. The number of weighted-average outstanding shares is included for assumed conversion of all dilutive potential ordinary shares at the calculation of diluted earnings per share, based on the assumption that employees' compensation will be all distributed in the form of shares.

B. The Group's convertible bonds have an antidilutive effect on the earnings per share for the three months ended March 31, 2021. Accordingly, the diluted earnings per share were not calculated.

(33) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31	
	2022	2021
Purchase of property, plant and equipment	$ 56,018	$ 330,524
Add: Beginning balance of payable on equipment	199,508	356,594
Ending balance of prepayments for equipment	114,943	93,013
Less: Beginning balance of prepayments for equipment	(104,024)	(84,488)
Ending balance of payable on equipment	(131,214)	(339,476)
Cash paid during the period	$ 135,231	$ 356,167

	Three months ended March 31	
	2022	2021
Purchase of intangible assets	$ 4,112	$ 12,297
Add: Beginning balance of payable	1,023	4,344
Ending balance of prepayments	14,291	38,356
Less: Beginning balance of prepayments	(14,424)	(37,436)
Ending balance of payable	(985)	(2,045)
Cash paid during the period	$ 4,017	$ 15,516

B. Financing activities with no cash flow effects:

	Three months ended March 31	
	2022	2021
Dividend payable	$ 866 ,040	$ 1,068,244

(34) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Convertible bonds	Long-term borrowings (including those matured within one year)	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2022	$3,738,289	$112,601	$2,925,589	$1,558,655	$ -	$ 111,786	$8,446,920
Changes in cash flow from financing	73,735	(26,531)	-	(158,574)	-	(8,594)	(119,964)
Additions	-	-	-	-	866,040	-	866 ,040
Impact of changes in foreign exchange rate	71,917	3,663	-	10,008	-	1,272	86,860
Changes in other non-cash items	-	5,646	6,941	-	-	(13,832)	(1,245)
At March 31, 2022	$3,883,941	$95,379	$2,932,530	$1,410,089	$ 866,040	$ 90,632	$9,278,611

	Short-term borrowings	Lease liabilities	Convertible bonds	Long-term borrowings (including those matured within one year)	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2021	$3,271,489	$261,656	$2,203,801	$ 807,419	$ -	$ 36,449	$ 6,580,814
Changes in cash flow from financing	554,520	(47,556)	-	304,348	-	(5,877)	805,435
Additions	-	-	-	-	1,068,244	-	1,068,244
Impact of changes in foreign exchange rate	(54,166)	945	-	(10,920)	-	159	(63,982)
Changes in other non-cash items	-	10,077	7,105	(6,112)	-	(226)	10,844
At March 31, 2021	$3,771,843	$225,122	$2,210,906	$1,094,735	$1,068,244	$ 30,505	$8,401,355

(35) Government grants

A. For the three months ended March 31, 2022:
   i. The subsidiary, MECA, applied for "Paycheck Protection Program" subsidy from local government for the year ended December 31, 2021 amounting to USD 262 thousand (NTD 7,377 thousand) and received the subsidy in January 2022.
   ii. The subsidiary, MECL, received the subsidy for technology improvement amounting to RMB 5,000 thousand (NTD 22,187 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in January 2022.
   iii. The subsidiary, MECL, received the subsidy for high-tech enterprises cultivation amounting to RMB 1,000 thousand (NTD 4,437 thousand) from Shenzhen Science and Technology Innovation Commission in January 2022.

B. For the three months ended March 31, 2021:
   i. The subsidiary, MECA, applied for "Paycheck Protection Program" subsidy from local government amounting to USD 262 thousand (NTD 7,377 thousand) in 2020 and received the subsidy in January 2021.
   ii. The subsidiary, MECL, received the foreign invention expenditure subsidy amounting to RMB 450 thousand (NTD 1,997 thousand) from Longhua Branch, Market Supervision Administration of Shenzhen Municipality in February 2021.
   iii. The subsidiary, MECL, received the employment subsidy amounting to RMB 845 thousand (NTD 3,750 thousand) from Longhua Branch, Human Resource Bureau of Shenzhen Municipality in March 2021.
   iv. The subsidiary, MECL, received the bank loan and interest subsidy amounting to RMB 700 thousand (NTD 3,106 thousand) from Culture, Radio and Television and Sports Bureau of Shenzhen Municipality in March 2021.

C. The rest subsidies are not disclosed due to their amounts less than 5% of the total government grants,

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Name	Relationship
Merry Electronics (Suzhou) Co., Ltd. (MECE)	Affiliated company
Merry Electronics (Huizhou) Co., Ltd. (MECH)	Affiliated company
Leohab Enterprise Co., Ltd. (LEOHAB)	Affiliated company
Merry Fuling Co., Ltd. Taiwan Branch (MHNCTW)	Other related party
BESKYTTE HUANG & CO	Other related party
Luxshare Precision Limited	Other related party (Note 1)
Luxshare Precision Industry Co., Ltd	Other related party (Note 1)
Luxshare-ICT (Vietnam) Limited (Luxshare-ICT (Vietnam))	Other related party (Note 1)
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Other related party (Note 1)
Dongguan Luxshare Precision Industry Co., Ltd.	Other related party (Note 1)
Luxshare Precision Industry (Chuzhou), Ltd.	Other related party (Note 1)

Note 1: A corporate director of the Group's subsidiary, MEVN, and the entity both belong to Luxshare Group.

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31	
	2022	2021
Sales of goods		
Luxshare Precision Limited	$ 77,999	$ -
MECH	9,536	35,206
MECE	517	848
Others	213	675
	$ 88,265	$ 36,729

The prices of goods sold to related parties are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods sold to the third parties, and the prices of purchases on behalf of related parties are based on the cost plus mark-ups of 2~ 3%. The credit terms to related parties are 60 to 125 days end of month and 30 to 120 days end of month to the third parties.

B. Purchases

	Three months ended March 31	
	2022	2021
Purchases of goods		
MECE	$ 1,199,770	$ 2,210,403
MECH	988,549	1,356,613
Others	28,547	50,077
	$ 2,216,866	$ 3,617,093

The associates are manufacturers for the Group's products and the prices are based on the different product's profitability and adjusted annually as there is no comparable transaction for the goods purchased from the third parties. The payment terms are 60 to 65 days end of month and 30 to 120 days end of month to the third parties.

C. Receivables from related parties

	March 31, 2022	December 31,2021	March 31, 2021
Accounts receivable:			
Luxshare Precision Limited	$ 83,620	$ 4,413	$ -
MECH	7,238	28,261	48,126
Luxshare Precision Industry Co., Ltd	-	5,359	-
MECE	-	-	9,690
Others	2,958	168	26
Total	$ 93,816	$ 38,201	$ 57,842
Other receivable:			
MECH	$ 388,602	$ 554,437	$ 590,132
Others	-	217	217
Total	$ 388,602	$ 554,654	$ 590,349

Other receivables as of March 31, 2022, December 31, 2021 and March 31, 2021 mainly were the purchases of raw materials on behalf of MECH and MECE.

D. Payables to related parties

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable:			
MECE	$ 1,230,677	$ 2,322,390	$ 2,131,378
MECH	1,010,992	1,282,350	1,061,852
Others	32,423	28,556	106,162
Total	$ 2,274,092	$ 3,633,296	$ 3,299,392
Other payable:			
MECE	$ 175,902	$ 66,714	$ 82,983
Others	6,504	100	25
Total	$ 182,406	$ 66,814	$ 83,008

Other payables mainly were mold developing expense that MECE paid on behalf of the parent company.

E. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended March 31	
	2022	2021
MECH	$ -	$ 1,423
MECE	-	977
Total	$ -	$ 2,400

(b) Disposal of property, plant and equipment:

	Three months ended March 31			
	2022		2021	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
MECH	$ -	$ -	$ 158	$ -

F. Royalty expenses

	Three months ended March 31	
	2022	2021
BESKYTTE HUANG & CO	$ -	$ 1,066

(3) Key management compensation

	Three months ended March 31	
	2022	2021
Salaries and other short-term employee benefits	$ 11,728	$ 9,254
Post-employment benefits	127	126
Share-based payments	7,105	5,935
	$ 18,960	$ 15,315

8. PLEDGED ASSETS

Pledged asset	Book value March 31, 2022	Book value December 31, 2021	Book value March 31, 2021	Purpose
Time deposits (pledged) (as financial assets at amortized cost – current)	$ 3,853	$ 3,853	$ 12,200	Project guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Capital expenditures contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	$ 175,601	$ 186,694	$ 381,424
Intangible assets	2,031	5,482	4,060
	$ 177,632	$ 192,176	$ 385,484

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None

12. OTHERS

(1) Capital management

Due to the nature of the Group's operating industry and the Group's future development, and the consideration of the changing outside environment, the Company's capital management is to ensure it has sufficient financial resource and operating plans to meet operational capital for future needs, capital expenditure, research and development expense, obligation repayment and dividend distribution within the next year.

The Company monitors capital by reassessing debt ratios periodically. The debt ratios as on March 31 2022, December 31, 2021 and March 31, 2021 were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total debts	$ 19,463,609	$ 21,708,001	$ 21,083,423
Total assets	31,155,017	33,862,624	32,187,130
Debt ratio	62%	64%	66%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 409,652	$ 364,395	$ 371,892
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 856,592	$ 979,645	$ 1,427,291
Qualifying equity instrument	144,795	141,341	233,644
	$ 1,001,387	$ 1,120,986	$ 1,660,935
Financial assets at amortized cost/ Loans and receivables			
Cash and cash equivalents	$ 5,521,732	$ 4,841,969	$ 5,321,982
Financial assets at amortized at cost	1,458,447	1,032,926	868,250
Accounts receivable (including due from related parties)	5,745,080	9,403,320	7,663,641
Other receivables (including due from related parties)	615,983	954,417	857,935
Guarantee deposits paid	63,345	60,953	72,950
	$ 13,404,587	$ 16,293,585	$ 14,784,758

	March 31, 2022	December 31, 2021	March 31, 2021
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 4,239	$ 3,020	$ 13,054
Short-term borrowings	3,883,941	3,738,289	3,771,843
Notes payable	-	-	1
Accounts payable (including payable to related parties)	6,383,311	9,342,878	8,189,039
Other accounts payable (including payable to related parties)	1,919,803	1,209,317	2,603,998
Lease liability	95,379	112,601	225,122
Corporate bonds payable (including maturing within one year or one operating cycle)	2,932,530	2,925,589	2,210,906

	March 31, 2022	December 31, 2021	March 31, 2021
Long-term borrowings (including maturing within one year or one operating cycle)	1,410,089	1,558,655	1,100,847
Guarantee deposits received	24,860	23,516	24,016
	$ 16,654,152	$ 18,913,865	$ 18,138,826

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. Such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk was provided in Note 6 (2).

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021, except for the items explained below:

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currencies, primarily with respect to the USD, RMB and HKD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

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

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(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
	March 31, 2022									
						Sensitivity analysis				
Financial assets										
Monetary items										
Cash in banks										
USD : NTD	$	52,245	28.63	$	1,495,513	3%	$	44,865	$	-
RMB : NTD		12,109	4.51		54,563	3%		1,637		-
USD : HKD		8,479	7.83		242,711	3%		7,281		-
HKD : NTD		4,071	3.66		14,884	3%		447		-
RMB : HKD		3,462	1.23		15,600	3%		468		-
USD : RMB		10,174	6.35		291,231	3%		8,737		-
USD : THB		10,870	33.09		311,154	3%		9,335		-
Receivables										
USD : HKD	$	894	7.83	$	25,591	3%	$	768	$	-
USD : NTD		177,758	28.63		5,088,309	3%		152,649		-
USD : RMB		28,206	6.35		807,397	3%		24,222		-
USD : THB		14,478	33.09		414,433	3%		12,433		-
Non-monetary items										
Current financial assets at fair value through other comprehensive income										
USD : NTD	$	5,000	28.63	$	143,125	3%	$	-	$	4,294
Investments accounted for under equity method										
USD : NTD	$	112,569	28.63	$	3,222,280	3%	$	-	$	96,668
HKD : NTD		317,919	3.66		1,162,313	3%		-		34,869
RMB : NTD		87,005	4.51		392,044	3%		-		11,761

(Foreign currency: functional currency)		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
	March 31, 2022									
						Sensitivity analysis				
Financial liabilities										
Monetary items										
Bank loan										
USD : RMB	$	32,486	6.35	$	929 ,912	3%	$	27,897	$	-
USD : CAD		2,600	0.80		74,425	3%		2,233		-
RMB : NTD		33,802	4.51		152,310	3%		4,569		-
Payables										
HKD : RMB	$	583	0.81	$	2,131	3%	$	64	$	-
RMB : NTD		172,251	4.51		776,163	3%		23,285		-
USD : NTD		138,283	28.63		3,958,351	3%		118,751		-
USD : RMB		25,599	6.35		732,771	3%		21,983		-

(Foreign currency: functional currency)	December 31, 2021					
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 46,037	27.68	$ 1,274,304	3%	$ 38,229	$ -
RMB : NTD	73,582	4.34	319,640	3%	9,589	-
USD : HKD	7,950	7.80	220,056	3%	6,602	-
HKD : NTD	4,071	3.55	14,448	3%	433	-
RMB : HKD	3,459	1.22	15,026	3%	451	
USD : RMB	18,831	6.37	521,242	3%	15,637	-
USD : THB	9,761	33.16	270,184	3%	8,106	-
Receivables						
USD : HKD	$ 1,331	7.80	$ 36,842	3%	$ 1,105	$ -
USD : NTD	299,362	27.68	8,286,340	3%	248,590	-
USD : RMB	105,211	6.37	2,912,240	3%	87,367	-
USD : THB	19,788	33.16	547,732	3%	16,432	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 5,000	27.68	$ 138,400	3%	$ -	$ 4,152
Investments accounted for under equity method						
USD : NTD	$ 114,616	27.68	$ 3,172,561	3%	$ -	$ 95,177
HKD : NTD	311,743	3.55	1,106,375	3%	-	33,191
RMB : NTD	86,797	4.34	377,046	3%	-	11,311

(Foreign currency: functional currency)	December 31, 2021					
				Sensitivity analysis		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities						
Monetary items						
Bank loan						
USD : NTD	$ 15,000	27.68	$ 415,200	3%	$ 12,456	$ -
USD : RMB	50,402	6.37	1,395,127	3%	41,854	-
USD : CAD	2,600	0.78	71,968	3%	2,159	-
RMB : NTD	25,213	4.34	109,525	3%	3,286	-
Payables						
HKD : RMB	$ 1,054	0.82	$ 3,741	3%	$ 112	$ -
RMB : NTD	190,261	4.34	826,494	3%	24,795	-
USD : NTD	256,850	27.68	7,109,608	3%	213,288	-
USD : RMB	58,443	6.37	1,617,702	3%	48,531	-

(Foreign currency: functional currency)	March 31, 2021 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 58,104	28.54	$ 1,657,998	3%	$ 49,740	$ -
RMB : NTD	20,453	4.34	88,848	3%	2,665	-
USD : HKD	8,480	7.78	241,977	3%	7,259	-
HKD : NTD	201	3.67	738	3%	22	-
USD : RMB	6,317	6.57	180,256	3%	5,408	-
RMB : HKD	2,536	1.18	11,016	3%	330	-
Receivables						
USD : HKD	$ 1,265	7.78	$ 36,097	3%	$ 1,083	$ -
USD : NTD	212,003	28.54	6,049,506	3%	181,485	-
USD : RMB	36,769	6.57	1,049,203	3%	31,476	-
SGD : USD	3,178	0.74	67,405	3%	2,022	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 8,000	28.54	$ 228,280	3%	($ 440)	$ -
Current financial assets at amortized cost						
USD : NTD	$ 30,000	28.54	$ 856,050	3%	$ 25,682	$ -
Investments accounted for under equity method						
USD : NTD	$ 110,725	28.54	$ 3,159,552	3%	$ -	$ 94,787
HKD : NTD	262,669	3.67	963,997	3%	-	28,920
RMB : NTD	86,114	4.34	374,078	3%	-	11,222

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	March 31, 2021					
				Sensitivity analysis		
Financial liabilities						
Monetary items						
Bank loan						
USD : NTD	$ 48,000	28.54	$ 1,369,680	3%	$ 41,090	$ -
USD : RMB	60,283	6.57	1,720,175	3%	51,605	-
USD : CAD	2,600	0.79	74,191	3%	2,226	-
RMB : NTD	4,500	4.34	19,548	3%	586	-
Payables						
HKD : RMB	$ 187	0.84	$ 686	3%	$ 21	$ -
RMB : NTD	190,584	4.34	827,897	3%	24,837	-
USD : NTD	151,921	28.54	4,335,066	3%	130,052	-
USD : RMB	38,021	6.57	1,084,929	3%	32,548	-

Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021 amounted to a gain of $144,944 thousand and a loss of $48,579 thousand, respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the three months ended March 31, 2022 and 2021 would have increased/decreased by $764 thousand and $794 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $25,698 thousand and $42,819 thousand, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the three months ended March 31, 2022 and 2021 would have increased/decreased by $2,647 thousand and $2,436 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

iii. If the Current investments in debt instrument interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the three months ended March 31, 2022 and 2021 would have decreased / increased by $241 thousand and $283 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. For banks and financial institutions, the Group transacts with a variety of banks and financial institutions, mainly domestic and overseas well-known financial institutions, to avoid concentration in any single counterparty and to minimize credit risk. The Group can only enter into the financial services and loan agreement provided by banks and financial institutions after being approved by the Board of Directors or authorized management according to the Company's delegation of authorization policy. To prevent legal risks, all the Group signs with banks and financial institutions after all documents are examined by counsel or legal advisor profession. The Group periodically checks the credit rating, conditions and quality of service as well as transactions. According to the

Group's operating condition, the credit limits and utilization of credit limits are monitored on a regular basis and maintained within a reasonable range to ensure it meets the needs of the operation.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable, contract assets in accordance with geographic area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

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

viii. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of March 31, 2022, December 31, 2021 and March 31, 2021, the provision matrix is as follows:

March 31, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.09%	$ 5,543,944	$ 5,085
Up to 30 days	4.45%	83,292	3,710
31~90 days	19.89%	40,974	8,151
91~180 days	100.00%	57,411	57,411
Over 180 days	100.00%	72,772	72,772
		$ 5,798,393	$ 147,129

December 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.04%	$ 9,115,474	$ 3,672
Up to 30 days	3.10%	159,214	4,929
31~90 days	11.90%	112,412	13,380
91~180 days	100.00%	1,445	1,445
Over 180 days	100.00%	11,999	11,999
		$ 9,400,544	$ 35,425

March 31, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.04%	$ 7,434,773	$ 2,845
Up to 30 days	1.03%	171,205	1,763
31~90 days	34.43%	6,755	2,326
91~180 days	100.00%	5,794	5,794
Over 180 days	100.00%	17,389	17,389
		$ 7,635,916	$ 30,117

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

	2022
	Accounts receivable
At January 1	$ 35,425
Provision for impairment	109,096
Effect of foreign exchange	2,608
At March 31	$ 147,129

	2021
	Accounts receivable
At January 1	$ 29,676
Provision for impairment	623
Effect of foreign exchange	(182)
At March 31	$ 30,117

For provisioned loss during the three months ended March 31, 2022 and 2021, the impairment losses arising from customers' contracts were a loss of $109,096 thousand and a loss of $623 thousand, respectively.

x. For the three months ended March 31, 2022 and 2021, there was no loss allowance for investments in debt instruments at fair value through other comprehensive income.

xi. For investments in debt instruments at fair value through other comprehensive income, the credit rating levels are presented below:

	March 31, 2022			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income Group 1	$ 1,458,447	$ -	$ -	$ 1,458,447
Financial assets at fair value through other comprehensive income Group 2	$ 144,795	$ -	$ -	$ 144,795

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income Group 1	$ 1,032,926	$ -	$ -	$ 1,032,926
Financial assets at fair value through other comprehensive income Group 2	$ 141,341	$ -	$ -	$ 141,341

	March 31, 2021			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at fair value through other comprehensive income Group 1	$ 868,250	$ -	$ -	$ 868,250
Financial assets at fair value through other comprehensive income Group 2	$ 233,644	$ -	$ -	$ 233,644

Group 1: Time deposit designated as investment grade.

Group 2: Debt instruments designated as investment grade.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

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

iv. The Group has $13,119,818 thousand, $12,839,195 thousand and $6,916,236 thousand in undrawn borrowing facilities as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

Non-derivative financial liabilities

March 31, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 893,228	$3,004,916	$ -	$ -	$ -	$ 3,898,144
Accounts payable	3,365,851	743,368	-	-	-	4,109,219
Accounts payable - related parties	2,063,912	210,180	-	-	-	2,274,092
Other payables (including related parties)	1,856,246	63,557	-	-	-	1,919,803
Lease liabilities	17,659	14,933	15,451	27,380	27,209	102,632
Bonds payable	-	-	-	3,000,000	-	3,000,000
Long-term borrowings	28,370	99,444	410,090	814,223	-	1,352,127

Derivative financial liabilities

Forward exchange contracts	4,007	232	-	-	-	4,239

Non-derivative financial liabilities

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,484,691	$ 2,265,537	$ -	$ -	$ -	$ 3,750,228
Accounts payable	4,832,757	876,825	-	-	-	5,709,582
Accounts payable - related parties	3,358,281	275,015	-	-	-	3,633,296
Other payables (including related parties)	1,058,481	150,836	-	-	-	1,209,317
Lease liabilities	22,567	25,587	15,605	28,027	27,946	119,732
Bonds payable	-	-	-	3,000,000	-	3,000,000
Long-term borrowings	7,872	110,169	460,842	930,460	12,506	1,521,849

Derivative financial liabilities

Forward exchange contracts	440	2,580	-	-	-	3,020

Non-derivative financial liabilities

March 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,898,594	$1,912,537	$ -	$ -	$ -	$ 3,811,131
Notes payable	1	-	-	-	-	1
Accounts payable	4,599,696	289,951	-	-	-	4,889,647
Accounts payable - related parties	3,099,983	199,409	-	-	-	3,299,392
Other payables (including related parties)	2,515,692	88,306	-	-	-	2,603,998
Lease liabilities	38,039	99,928	31,960	23,909	33,406	227,242
Other current liabilities	65,167	105	-	-	-	65,272
Bonds payable	-	2,231,900	-	-	-	2,231,900
Long-term borrowings	1,652	11,039	207,543	831,988	68,888	1,121,110
Derivative financial liabilities						
Forward exchange contracts	13,054	-	-	-	-	13,054

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group’s investment in certain derivative instruments and equity instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group’s investment in certain derivative instruments, equity investment without active market and is included in Level 3.

B. The financial instruments not measured at fair value

Except for those listed in the table below, financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, long-term and short-term bank borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	March 31, 2022			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,932,530	$ -	$ 2,847,585	$ -

	December 31, 2021			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,925,589	$ -	$ 2,882,806	$ -

	March 31, 2021			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,210,906	$ -	$ 2,218,763	$ -

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

March 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 25,472	$ 25,472
-Forward exchange contracts	-	47,461	-	47,461
-Fund	56,419	-	-	56,419
-Call options of convertible bonds	-	-	300	300
-Bonds investments	-	-	280,000	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	237,130	-	619,462	856,592
- Debt securities	144,795	-	-	144,795
	$ 438,344	$ 47,461	$ 925,234	$ 1,411,039
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 4,239	$ -	$ 4,239

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ 232	$ -	$ 25,395	$ 25,627
-Forward exchange contracts	-	1,247	-	1,247
-Fund	56,921	-	-	56,921
-Call options of convertible bonds	-	-	600	600
-Bonds investments	-	-	280,000	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	259,207	-	720,438	979,645
- Debt securities	-	141,341	-	141,341
	$ 316,360	$ 142,588	$ 1,026,433	$ 1,485,381
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 3,020	$ -	$ 3,020

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 26,468	$ 26,468
-Forward exchange contracts	-	12,615	-	12,615
-Fund	52,809	-	-	52,809
-Bonds investments	-	-s	280,000	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	196,204	-	1,231,087	1,427,291
- Debt securities	233,644	-	-	233,644
	$ 482,657	$ 12,615	$ 1,537,555	$ 2,032,827
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 13,054	$ -	$ 13,054

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

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

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

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

iii. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

E. For the three months ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

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

	Three months ended March 31			
	2022		2021	
At January 1	$	1,026,433	$	1,363,685
Added in the year		-		280,000
Losses recognized in profit or loss	(	2,692)	(	446)
Losses recognized in other comprehensive income	(	98,507)	(	105,684)
At March 31	$	925,234	$	1,537,555

(Remainder of page intentionally left blank)

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

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity investment:					
Equity securities	$ 147,787	Market comparable companies	Price to book ratio multiple	$ 13,629	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	25,472	Net asset value	N/A	25,472	N/A
Private placement shares (listed companies)	471,675	Market price method	Discount for lack of marketability	17.6%-18.3%	The higher the discount for marketability, the lower the fair value
Call options of convertible bonds	300	Binary tree convertible bond valuation model	Risk-free interest rate	0.8059%	The higher the risk-free interest rate, the lower the fair value
			Stock price	85.5	The higher the stock price, the higher the fair value
			Volatility	31.04%	The higher the stock price volatility, the higher the fair value
Non-derivative debt investment:					
Convertible bonds	$ 280,000	Discounted cash flow method	Discount rate	-	The higher the discount rate, the lower the fair value

	Fair value at December 31, 2021		Valuation technique	Significant unobservable input	Range (weighted average)		Relationship of inputs to fair value
Non-derivative equity investment:							
Equity securities	$	140,235	Market comparable companies	Price to book ratio multiple	$	13,765	The higher the multiplier, the higher the fair value
Private equity funds in venture capital		25,395	Net asset value	N/A		25,395	N/A
Private placement shares (listed companies)		580,203	Market price method	Discount for lack of marketability		17.6%-18.3%	The higher the discount for marketability, the lower the fair value
Call options of convertible bonds		600	Binary tree convertible bond valuation model	Risk-free interest rate		0.4424%	The higher the risk-free interest rate, the lower the fair value
				Stock price		94.4	The higher the stock price, the higher the fair value
				Volatility		30.94%	The higher the stock price volatility, the higher the fair value
Non-derivative debt investment:							
Convertible bonds	$	280,000	Discounted cash flow method	Discount rate		-	The higher the discount rate, the lower the fair value

	Fair value at March 31, 2021		Valuation technique	Significant unobservable input	Range (weighted average)		Relationship of inputs to fair value
Non-derivative equity investment:							
Equity securities	$	139,564	Market comparable companies	Price to book ratio multiple	$	15,818	The higher the multiplier, the higher the fair value
Private equity funds in venture capital		26,468	Net asset value	N/A		26,468	N/A
Private placement shares (listed companies)		1,091,523	Market price method	Discount for lack of marketability		-	The higher the discount for marketability, the lower the fair value
Non-derivative debt instrument:							
Convertible bonds	$	280,000	Discounted cash flow method	Discount rate		-	The higher the discount rate, the lower the fair value

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

			March 31, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
Financial assets						
Call options of convertible bonds	Risk-free interest rate	±20bp	$ -	$ -	$ -	$ -
	Stock price	±10%	-	(300)	-	-
	Volatility	±5%	300	(300)	-	-
Equity securities	Cash flow	±10%	-	-	14,779	(14,779)
			$ 300	($ 600)	$ 14,779	($ 14,779)

			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Call options of convertible bonds	Risk-free interest rate	±20bp	$ -	$ -	$ -	$ -
	Stock price	±10%	300	(300)	-	-
	Volatility	±5%	300	(300)	-	-
Equity securities	Cash flow	±10%	-	-	14,024	(14,024)
			$ 600	($ 600)	$ 14,024	($ 14,024)

			March 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Equity securities	Cash flow	±10%	$ -	$ -	$ 13,956	($ 13,956)

(4) Assessment of impact of COVID-19

Despite the COVID-19 pandemic and several epidemic prevention measures from the government, the Group's overall businesses were not significantly impacted based on the Group's assessment as of March 31, 2022. The Group has taken actions to prevent the spread of the pandemic which may affect the business operation, and has been monitoring the status of this matter.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to Note 4 (3).

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 6.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6 (2).

J. Significant inter-company transactions during the reporting periods: Purchases or sales of goods from or to related parties reaching $100 million or more: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in Mainland China: Please refer to table 10.

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. Business organization is divided into Taiwan, Shenzhen, Singapore and other segments based on the operating regions. The Company's revenue is mainly from manufacturing and sales of microphones, receivers, speakers and other electronic components.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on post-tax profit or loss.

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

A. The segment information provided to the chief operating decision-maker for the reportable segments for the three months ended March 31, 2022 is as follows:

	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 4,225,328	$ 109,304	$ 1,311,929	$ 78,027	$ 293,755	$ 6,018,343
Inter-segment revenue	330	990,278	-	846,354	604,677	2,443,639
Total revenue	$ 4,225,658	$ 1,101,582	$ 1,311,929	$ 924,381	$ 898,432	$ 8,461,982
Segment profit (loss)	$ 110,289	($ 259,156)	$ 117,499	$ 85,530	$ 56,127	$ 110,289
Segment profit (loss) contains:						
Interest revenue	$ 5,779	$ 4,329	$ -	$ 6	$ 229	$ 10,343
Interest expense	11,086	6,988	118	1,006	1,688	20,886
Depreciation & amortization	19,483	83,010	1,971	31,985	50,652	187,101
Income tax (benefit) expense	25,305	(45,691)	24,064	-	(2,729)	949
Recognized investment profit which is adopting equity method	158,868	-	-	-	(198,751)	(40,183)

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0.

B. The segment information provided to the chief operating decision-maker for the reportable segments for the three months ended March 31, 2021 is as follows:

	Taiwan	Shenzhen	Singapore	Others	Total
Revenue					
Revenue from external customers	$ 5,422,475	$ 546,861	$ 1,460,395	$ 305,061	$ 7,734,792
Inter-segment revenue	55,674	2,102,369	-	1,552,754	3,710,797
Total revenue	$ 5,478,149	$ 2,649,230	$ 1,460,395	$ 1,857,815	$ 11,445,589
Segment profit (loss)	$ 20,920	($ 204,586)	$ 60,756	$ 143,830	$ 20,920
Segment profit (loss) contains:					
Interest revenue	$ 5,867	$ 3,003	$ -	$ 468	$ 9,338
Interest expense	10,127	5,453	175	732	16,487
Depreciation & amortization	15,743	101,508	2,057	138,469	257,777
Income tax (benefit) expense	4,173	(36,051)	12,440	(274)	(19,712)
Recognized investment profit which is adopting equity method	(23,725)	-	-	127,407	103,682

Note: The Group does not use segment information relating to assets and liabilities to evaluate segment performance. As a result, such assets and liabilities to be disclosed amounted to $0.

C. The Group's reportable operating segments are classified based on the operating regions.

D. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4. The Group's segment profit (loss) is measured with the current profit (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

(4) Reconciliation for segment income (loss)

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

A. Reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Three months ended March 31	
	2022	2021
Adjusted revenue from reportable segments	$ 7,563,550	$ 9,587,774
Adjusted revenue from other operating segments	898,432	1,857,815
Total operating segments	8,461,982	11,445,589
Elimination of inter-segment revenue	(2,443,639)	(3,710,797)
Total consolidated revenues	$ 6,018,343	$ 7,734,792

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Three months ended March 31	
	2022	2021
Adjusted income from reportable segments after income tax	$ 54,162	($ 122,910)
Adjusted income (loss) from other operating segments after income tax	156,145	346,763
Total operating segments	$ 210,307	$ 223,853
Elimination of inter-segment income	(100,018)	(202,933)
Income from continuing operations after income tax	$ 110,289	$ 20,920

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Three months ended March 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance for the three months ended March 31, 2022	Balance at March 31, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transaction with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 1)	Footnote
0	MESG	SOCV	Other receivables	Y	$ 114,500	$ 114,500	$ 37,213	1.13	2	$ -	Business operation	$ -	-	$ -	$1,620,140	$ 1,620,140	

Note 1: (1) The ceiling on MESG total loans to others is MESG’s net assets; for short-term financing, the limit to a single party is 40% of MESG’s net assets.

(2) The restrictions in (1) shall not apply to short-term financing among affiliates in the group. The limit to a single party is MESG’s net assets.

Note 2: (1) For MESG’s business transactions, limit on loans granted for a single party is the amount of the transactions.

(2) For MESG’s short-term financing, limit on loans granted for a single party is 40% of the net assets of MESG.

(3) The restrictions in (1)(2) shall not apply to short-term financing among affiliates in the group. The limit to a single party is MESG’s net assets.

Note 3: (1) For MESG’s business transactions.

(2) For short-term financing.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Three months ended March 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being Endorsed/guaranteed: Company name	Party being Endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount for the three months ended March 31, 2022	Outstanding endorsement/ guarantee amount as of March 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	MEHO	SOCV	2	$ 8,868,797	$ 100,188	$ 100,188	$ 74,425	$ -	0.90%	$ 11,085,996	Y	N	N	
0	MEHO	SENM	2	8,868,797	28,625	-	-	-	-	11,085,996	Y	N	N	

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

(1) The Company is ‘0’.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/ guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The Company holds over 50% of the voting rights directly or indirectly.

(3) This company holds over 50% of the voting rights of the Company directly or indirectly.

(4)The Company holds over 90% of the voting rights directly or indirectly.

Note 3: The guarantees and endorsements for a single party should not exceed 80% of the Company’s net assets.

Note 4: The ceiling on total amount of endorsements/guarantees provided to others by the Company is 100% of the Company's net assets.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of March 31, 2022 Number of shares	Book value (in thousands)	Ownership (%)	Fair value (in thousands)	Note
The Company	Fund - 76324296A KGI Taiwan Multi-Asset Income Fund A TWD	-	Financial assets mandatorily measured at fair value through profit or loss	5,015	$ 50,000	-	$ 56,419	
	Bond - The Company Bond - SYNergy Private Placement (YDB8AA)	-	Financial assets mandatorily measured at fair value through profit or loss	-	280,000	-	280,000	
					330,000		336,419	
			Valuation adjustment		6,419			
					$ 336,419			
The Company	Fund - JAFCO	-	Non-current financial assets mandatorily measured at fair value through profit or loss	925	$ 27,863	0.71%	$ 25,472	
					(2,391)			
					$ 25,472			
The Company	Stock - 2881B.TW	-	Equity instruments measured at fair value through other comprehensive income	683	$ 40,980	-	$ 42,892	
The Company	Stock - 2882B.TW	-	Equity instruments measured at fair value through other comprehensive income	585	35,100	-	36,738	
The Company	Stock - 5871A	-	Equity instruments measured at fair value through other comprehensive income	300	30,000	-	30,450	
					106,080		$ 110,080	
					4,000			
					$ 110,080			
The Company	Stock - 4943.TW	-	Equity instruments measured at fair value through other comprehensive income - non-current	13,905	$ 648,164	8.85%	$ 299,341	
The Company	Stock - 3290.TWO	-	Equity instruments measured at fair value through other comprehensive income - non-current	5,723	99,990	5.75%	127,050	
The Company	Stock - FUJITER Semiconductor CO.,LTD.	-	Equity instruments measured at fair value through other comprehensive income - non-current	2,126	27,811	9.79%	24,524	
The Company	Stock - NETVOX TECHNOLOGY CO., LTD	-	Equity instruments measured at fair value through other comprehensive income - non-current	324	2,976	1.32%	-	
The Company	Stock - -EVER THAI AGRI-PRODUCT CO.,LTD.	-	Equity instruments measured at fair value through other comprehensive income - non-current	683	6,425	5.08%	2,576	
The Company	Stock - -SUNSINO SME Development Co., Ltd.	-	Equity instruments measured at fair value through other comprehensive income - non-current	169	2,123	0.36%	2,133	
The Company	Stock - -LINSATION Intelligent Technology Limited	-	Equity instruments measured at fair value through other comprehensive income - non-current	75	8,772	6.19%	2,623	
The Company	Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA)	-	Equity instruments measured at fair value through other comprehensive income - non-current	356	10,437	19.00%	10,085	
The Company	Stock - 6558.TW		Equity instruments measured at fair value through other comprehensive income - non-current	7,300	188,340	7.77%	172,334	
The Company	Bond - XS218687550	-	Debt instruments measured at fair value through other comprehensive income	-	144,625	-	144,795	
					1,139,663		$ 785,461	
			Valuation adjustment		(354,202)			
					$ 785,461			
MEST	Stock - Perfect Fortune Inc	-	Measured at fair value through other comprehensive income - non-current	2,126	$ 7,774	18.33%	$ 67,472	
MEST	Stock - LOYAL WIRE& CABLE COMPANY LTD	-	Measured at fair value through other comprehensive income - non-current	1,159	7,494	18.33%	33,417	
ASCX	Stock - Beijing Wanling Hearing Aids		Measured at fair value through other comprehensive income - non-current	-	4,957	19.64%	4,957	
					20,225		$ 105,846	
			Valuation adjustment		85,621			
					$ 105,846			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching $300 million or 20% of the Company's paid-in capital
Three months ended March 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitment
MEVN	Plant	May 11, 2020	$ 483,488	$ 443,827	HOP LUC CONSTRUCTION JOINT STOCK COMPANY	None	-	-	-	-	-	For business use	-

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Three months ended March 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note 2)	Percentage of total notes/ accounts receivable payable	Note
The Company	MECH	Investment accounted for using the equity method	Purchases	$ 556,138	9%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 571,583)	9%	
The Company	MEVN	A subsidiary of the Company	Purchases	840,203	14%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(854,258)	13%	(Note 3)
The Company	MECE	Investment accounted for using the equity method	Purchases	$ 1,197,681	20%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 1,226,694)	19%	
The Company	MECL	A subsidiary of the Company	Purchases	840,461	14%	60 to 65days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(842,175)	13%	(Note 3)
METC	The Company	Parent company	Purchases	347,945	6%	60 to 125 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(588,751)	9%	(Note 3)
MESG	MECL	A subsidiary of the Company	Purchases	142,108	2%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(217,266)	3%	(Note 3)
MESG	METC	A subsidiary of the Company	Purchases	552,523	9%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(413,019)	6%	(Note 3)
MESG	MECH	Investment accounted for using the equity method	Purchases	431,060	7%	60 to 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(438,204)	7%	

Note 1: For purchase transactions with related parties, the price is based on the profitability of the product and will be adjusted annually.
Note 2: The balance is the net amount after offsetting accounts receivable and payable due from/ to related parties.
Note 3: Inter-company transactions between companies within the Group are eliminated.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
March 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Balance of accounts receivable due from related party			Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	General ledger account	Amount	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note2)	Allowance for doubtful accounts	Note
The Company	METC	A subsidiary of the Company	Accounts receivable	$ 588,751	2.13	$ -	-	$ -	$ -	(Note 1)
MECL	The Company	Parent Company	Accounts receivable	842,175	1.92	-	-	207,003	-	(Note 1)
MECL	MESG	A subsidiary of the Company	Accounts receivable	217,266	1.82	-	-	55,114	-	(Note 1)
METC	MESG	A subsidiary of the Company	Accounts receivable	413,019	4.61	-	-	145,692	-	(Note 1)
MEVN	The Company	Parent Company	Accounts receivable	854,258	4.49	-	-	386,333	-	(Note 1)
MECE	The Company	Parent Company	Accounts receivable	1,226,694	2.72	-	-	531,003	-	
MECH	The Company	Parent Company	Accounts receivable	571,583	3.22	-	-	294,836	-	
MECH	MESG	A subsidiary of the Company	Accounts receivable	438,204	3.80	-	-	211,217	-	
MECL	MECH	Investment accounted for using the equity method	Other receivable	387,492	-	-	-	156,538	-	

Note 1: Inter-company transactions between companies within the Group are eliminated.
Note 2: The balance was as at April 28, 2022.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Three months ended March 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MEHO	MECL	1	Purchases	$ 840,461	The price is based on the profitability of the product	14%
0	MEHO	MECL	1	Accounts payable	842,175	The balance shown was net of receivables as agreed by both parties	3%
0	MEHO	MEVN	1	Purchases	840,203	The price is based on the profitability of the product	14%
0	MEHO	MEVN	1	Accounts payable	854,258	The balance shown was net of receivables as agreed by both parties	3%
1	METC	MEHO	2	Purchases	347,945	The price is based on the profitability of the product	6%
1	METC	MEHO	2	Accounts payable	588,751	The balance shown was net of receivables as agreed by both parties	2%
2	MESG	MECL	3	Purchases	142,108	The price is based on the profitability of the product	2%
2	MESG	MECL	3	Accounts payable	217,266	The balance shown was net of receivables as agreed by both parties	1%
2	MESG	METC	3	Purchases	552,523	The price is based on the profitability of the product	9%
2	MESG	METC	3	Accounts payable	413,019	The balance shown was net of receivables as agreed by both parties	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counter party is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees
Three months ended March 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as on March 31, 2022	Initial investment amount: Balance as on December 31, 2021	Shares held as on March 31, 2022: Number of shares (in thousand shares)	Shares held as on March 31, 2022: Ownership (%)	Shares held as on March 31, 2022: Book value	Net profit (loss) of the investee for the three months ended March 31, 2022	Investment income (loss) recognized by the Company for the three months ended March 31, 2022	Note
The Company	MEST	HONG KONG	Sales of microphone, receiver and speaker	$ 981,113	$ 981,113	25,658	100.00	$ 4,439,091	($ 243,561)	($240,620)	(Note 1)
The Company	DDBV	British Virgin IS.	General investment business	1,479,925	1,479,925	48,005	100.00	3,238,156	(94,852)	(53,246)	(Note 1)
The Company	LEOHAB ENTERPRISE CO.,LTD	Taichung City	Plastic injection molding and metal stamping	96,666	96,666	4,986	21.00	40,515	(10,542)	(2,215)	
The Company	MECA	U.S.A.	Technique, marketing and after service	28,887	28,887	999	99.90	40,496	7,886	7,878	
The Company	MESG	SINGAPORE	Sales of microphone, receiver and speaker	92,132	92,132	800	100.00	1,620,140	117,499	118,835	
The Company	METC	THAILAND	Microphone, components and product and sale of other electric products	484,358	484,358	5,060	99.99	603,595	38,215	38,484	(Note 1)
The Company	MHKY	CAYMAN	Sales of medical device	887,287	887,287	24,979	100.00	562,669	(44,192)	(44,192)	
The Company	INSA	SAMOA	General investment business	1,199,977	1,199,977	-	100.00	785,175	(18,678)	(18,678)	
The Company	MEVN	VIETNAM	Manufacture of microphone and speaker	366,710	366,710	-	51.00	593,725	85,530	45,261	
DDBV	UCMU	MAURITIUS	General investment business	151	151	5	100.00	-	-	-	(Note 2)
DDBV	MTHK	HONG KONG	General investment business	1,392,956	1,392,956	48,000	100.00	3,237,977	(94,852)	-	(Note 2)
MHKY	FUSA	SAMOA	General investment business	818,916	818,916	-	96.01	583,295	(43,442)	-	(Note 2)
INSA	SOCV	CANADA	Sale and development of speaker and power amplifier	30	30	-	100.00	920	(7,883)	-	(Note 2)
SOCV	SOCA	CANADA	General investment business	11,112	11,112	-	100.00	71,504	739	-	(Note 2)
SOCA	SENM	NORWAY	Manufacture and sales of speaker monomer	23	23	-	100.00	58,033	774	-	(Note 2)

Note 1: The investment income included unrealized gains or losses and realized gains arising from upstream transactions.
Note 2: The investee is second subsidiary and investment income (loss) is not shown.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Three months ended March 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for three months ended March 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Note
MECL	Microphone, receiver, speaker, security system, induction cooker and other electronic component	$ 429,620	(Note 2)	$ 453,191	$ -	$ -	$ 453,191	($ 259,156)	100.00%	($ 259,156)	$ 2,930,071	$ 2,282,120	Note 3
MECE	Manufacture and sales of microphone, receiver and speaker	2,819,580	(Note 2)	1,369,285	-	-	1,369,285	(193,575)	49.00%	(53,246)	3,237,977	295,185	Note 3
MECS	International trade, transit trade and trading consulting; trading amongst companies in bonded area and trading agency in the area	7,478	(Note 2)	6,055	-	-	6,055	2	49.00%	1	(1,096)	40,321	
Perfect Fortune Inc.	Electric wire, electric cable and other wire processing	42,409	(Note 2, 4)	107,624	-	-	107,624	1,738	18.33%	-	67,469	4,125	
LOYAL WIRE& CABLE COMPANY LTD.	Electric wire, electric cable and other wire processing	23,124	(Note 2, 4)	-	-	-	-	2,020	18.33%	-	33,416	-	
MECH	Manufacture and sales of microphone, receiver, speaker and mobile phone	450,600	(Note 2)	420,687	-	-	420,687	32,897	49.00%	14,354	1,163,408	-	Note 3
FUSZ	Manufacture of medical device	289,210	(Note 2)	310,763	-	-	310,763	(562)	96.01%	(539)	250,556	-	
MEDG	Research and development of sound equipment, earphones, mobile power supply, charging box, cable, connector, electronic components, plastic hardware, mold and antenna	901,200	(Note 1)	452,564	-	-	452,564	1,884	49.00%	923	392,044	-	
MSCS	Manufacture of speaker and amplifier	155,784	(Note 1)	110,497	-	-	110,497	(10,806)	100.00%	(10,806)	125,217	-	
ETCX	Retail sales of hearing products	20,277	(Note 2)	19,009	-	-	19,009	(975)	96.01%	(936)	(17,670)	-	

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Three months ended March 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for three months ended March 31, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for three months ended March 31, 2022	Book value of investments in Mainland China as of March 31, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Note
ASCX	Manufacture and sales of hearing aid, hearing device and acoustics equipment	59,754	(Note 2)	275,537	-	-	275,537	(7,915)	95.53%	(7,561)	70,496	-	
LACX	Research and development and technical sales of software for hearing aid use	22,530	(Note 2)	22,180	-	-	22,180	(1)	95.53%	(1)	43,711	-	
FUXM	Sales of medical device	313,767	(Note 2)	302,995	-	-	302,995	(27,625)	96.01%	(26,522)	109,870	-	
							$ 3,850,387						

Note 1: Reinvesting in the investee in Mainland China through the parent company.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
Note 3: The financial statements that are audited and attested by R.O.C. parent company’s CPA.
Note 4: The investee is the reinvestment company of MERRY ELECTRONICS (HK) CO., LTD. shown as non-current financial assets at fair value through other comprehensive income.
Note 5: The amount in the table is translated into New Taiwan dollars at the closing exchange rates prevailing at the balance sheet date.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission (MOEA) (Note 1)
Merry Electronics Co., Ltd.	$ 3,850,387	$ 3,757,859	$ 6,651,598

Note 1: (2001) Tai-Cai-Zheng (1) Letter No. 006130 of Securities and Futures Commission, Ministry of Finance, R.O.C

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
Three Months ended March 31, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

		Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/ guarantee or collaterals		Financing				
Investee in Mainland China	Counterparty	Amount	%	Amount	%	Balance on March 31, 2022	%	Balance on March 31, 2022	Purpose	Maximum balance during the three months ended March 31, 2022	Balance on March 31, 2022	Interest rate	Interest during the three months ended March 31, 2022	Others
MECL	MEHO	($ 840,461)	14%	-	-	($ 842,175)	13%	-	-	-	-	-	-	-
MECL	MESG	(142,108)	2%	-	-	(217,266)	3%	-	-	-	-	-	-	-
MECE	MEHO	(1,197,681)	20%	-	-	(1,226,694)	19%	-	-	-	-	-	-	-
MECH	MEHO	(556,138)	9%	-	-	(571,583)	9%	-	-	-	-	-	-	-
MECH	MESG	(431,060)	7%	-	-	(438,204)	7%	-	-	-	-	-	-	-