Stock Code:2231

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021

Address: No.6 Lane 546, Sec. 6, Zhanglu Rd., Fuhsin Township, Changhua County
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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of CUB ELECPARTS INC.:

Introduction

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

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $119,518 thousand and $109,301 thousand, constituting 1.25% and 1.41% of consolidated total assets as of March 31, and 2021, respectively, total liabilities amounting to $61,335 thousand and $53,736 thousand, constituting 1.31% and 1.54% of consolidated total liabilities as of March 31, and 2021, respectively, and total comprehensive income(loss) amounting to $5,560 thousand and $128 thousand, constituting 2.98% and 0.06% of consolidated total comprehensive income (loss) for the three months ended March 31, and 2021, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of CUB ELECPARTS INC. and its subsidiaries in its investee companies of $53,533 thousand as of March 31, 2021, and its equity in net earnings (loss) on these investee companies of $(1,958) thousand and $0 thousand for the three months ended March 31, 2021, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, 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 CUB ELECPARTS INC. and its subsidiaries as of March 31, and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' report are Cheng Hsueh, Chen and Tsu-Hsin, Chang.

KPMG

Taipei, Taiwan (Republic of China)
May 13, 2022

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2022		December 31, 2021		March 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 2,452,594	26	2,301,133	24	1,256,579	16
1140	Current contract assets (Note 6(x))	415,454	4	428,751	4	489,452	6
1150	Notes receivable, net (Note 6(c))	109,707	1	129,470	1	56,851	1
1170	Accounts receivable, net (Note 6(c))	1,254,214	13	1,574,974	16	1,498,931	19
1180	Accounts receivable due from related parties (Notes 6(c), 7)	61,187	1	52,113	1	86	-
1200	Other receivables (Note 6(d))	23,152	-	18,154	-	14,325	-
1220	Current income tax assets	33	-	11,371	-	269	-
1310	Inventories (Note 6(e))	1,536,193	16	1,356,461	14	872,795	11
1470	Other current assets (Note 6(m))	249,699	3	275,103	2	571,965	8
1476	Other current financial assets (Note 8)	12,225	-	12,223	-	89,195	1
		6,114,458	64	6,159,753	62	4,850,448	62
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	53,505	1	53,505	1	-	-
1550	Investments accounted for using equity method (Note 6(f))	-	-	-	-	53,533	1
1600	Property, plant and equipment (Notes 6(i) and 8)	1,852,522	19	1,875,135	20	1,713,495	22
1755	Right-of-use assets (Note 6(j))	29,760	-	25,534	-	30,256	-
1760	Investment property, net (Notes 6(k) and 8)	241,229	3	241,435	3	242,055	3
1780	Intangible assets (Notes 6(l))	788,413	8	796,988	8	492,645	6
1840	Deferred tax assets	166,672	2	151,100	2	121,759	2
1920	Refundable deposits	200,200	2	142,545	1	68,521	1
1980	Other non-current financial assets (Note 8)	-	-	-	-	55,400	1
1990	Other non-current assets (Notes 6(m))	139,676	1	120,186	1	101,167	2
		3,471,977	36	3,406,428	36	2,878,831	38
	Total assets	**$ 9,586,435**	**100**	**9,566,181**	**100**	**7,729,279**	**100**

		March 31, 2022		December 31, 2021		March 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Notes 6(n) and 8)	$ 2,158,034	23	2,287,438	24	1,246,873	16
2130	Current lease liabilities (Note 6(x))	178,626	2	183,876	2	32,170	-
2150	Notes payable	97	-	109	-	-	1
2170	Accounts payable	599,243	6	650,252	7	621,906	8
2180	Accounts payable to related parties (Note 7)	5,368	-	12,026	-	9,344	-
2200	Other payables (Note 6(p))	236,240	2	287,548	3	240,137	3
2220	Other payables to related parties (Notes 6(p) and 7)	38	-	16	-	13,421	-
2230	Current tax liabilities	159,776	2	120,720	1	103,040	2
2250	Provisions-current (Note 6(r))	72,300	1	70,165	1	69,477	1
2280	Current lease liabilities (Note 6(o))	9,520	-	8,397	-	8,670	-
2300	Other current liabilities (Note 6(p))	10,168	-	7,827	-	19,500	-
2320	Long-term borrowings, current portion (Notes 6(q))	131,417	1	131,417	1	6,493	-
		3,560,827	37	3,759,791	39	2,371,031	31
	Non-Current liabilities:						
2540	Long-term borrowings (Notes 6(q) and 8)	1,083,465	12	1,116,319	12	1,083,446	14
2570	Deferred tax liabilities	4,345	-	4,354	-	2,524	-
2580	Non-current lease liabilities (Note 6(o))	6,866	-	4,082	-	8,054	-
2640	Net defined benefit liability	15,669	-	15,783	-	17,293	-
2645	Guarantee deposits	4,312	-	4,829	-	5,717	-
		1,114,657	12	1,145,367	12	1,117,034	14
	Total liabilities	4,675,484	49	4,905,158	51	3,488,065	45
	Equity attributable to owners of parent: (Note 6(u))						
3100	Ordinary shares	1,219,166	13	1,219,166	13	1,219,166	16
3200	Capital surplus	638,663	7	666,220	7	669,690	9
3300	Retained earnings	1,864,162	19	1,687,724	17	1,513,791	20
3400	Other equity interest	(7,979)	-	(47,348)	-	(46,581)	(1)
	Total equity attributable to owners of parent:	3,714,012	39	3,525,762	37	3,356,066	44
36XX	Non-controlling interests (Note 6 (h))	1,196,939	12	1,135,261	12	885,148	11
	Total equity	4,910,951	51	4,661,023	49	4,241,214	55
	Total liabilities and equity	**$ 9,586,435**	**100**	**9,566,181**	**100**	**7,729,279**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues** (Notes 6(x) and (7))	$ 991,161	100	1,162,902	100
5000	**Operating costs** (Notes 6(e), (s), (y), and 7)	589,237	59	640,761	55
	Gross profit	401,924	41	522,141	45
	Operating expenses (Notes 6(s) and (y))				
6100	Selling expenses	76,208	8	82,945	7
6200	Administrative expenses	74,232	7	57,237	5
6300	Research and development expenses	131,450	13	112,323	9
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	21,621	2	-	-
		303,511	30	252,505	21
	Operating income	98,413	11	269,636	24
	Non-operating income and expenses: (Note 6(z))				
7100	Interest income	2,574	-	60	-
7010	Other income	3,062	-	3,514	-
7020	Other gains and losses	70,542	7	4,757	1
7050	Finance costs (Note 6(o))	(8,527)	(1)	(7,237)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(f))	-	-	(1,958)	-
		67,651	6	(864)	-
7900	**Profit before income tax**	166,064	17	268,772	24
7950	Income tax expenses (Note 6(t))	24,526	2	52,531	5
	Net profit	141,538	15	216,241	19
8300	**Other comprehensive income:**				
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	44,822	5	(7,481)	(1)
		44,822	5	(7,481)	(1)
8300	**Other comprehensive income**	44,822	5	(7,481)	(1)
8500	**Total comprehensive income**	**$ 186,360**	**20**	**208,760**	**18**
	Profit attributable to:				
8610	Owners of the parent	$ 176,438	19	196,893	17
8620	Non-controlling interests	(34,900)	(4)	19,348	2
		$ 141,538	**15**	**216,241**	**19**
	Comprehensive income attributable to:				
8710	Owners of the parent	$ 215,807	22	189,508	16
8720	Non-controlling interests	(29,447)	(2)	19,252	2
		$ 186,360	**20**	**208,760**	**18**
	Earnings per share (NT dollar) (Note 6(w))				
9750	**Basic earnings per share**	**$**	**1.45**		**1.61**
9850	**Diluted earnings per share**	**$**	**1.45**		**1.61**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								Non-controlling interests	Total equity
			Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total		
Balance at January 1, 2021	$ 1,219,166	559,889	793,838	65,457	457,603	1,316,898	(39,196)	3,056,757	511,991	3,568,748
Profit for the period	-	-	-	-	196,893	196,893	-	196,893	19,348	216,241
Other comprehensive income for the year	-	-	-	-	-	-	(7,385)	(7,385)	(96)	(7,481)
Total comprehensive income for the year	-	-	-	-	196,893	196,893	(7,385)	189,508	19,252	208,760
Other changes in capital surplus:										
Expenses of share option	-	7,414	-	-	-	-	-	7,414	-	7,414
The difference in net equity resulting from the subscription of new shares not in proportion	-	102,387	-	-	-	-	-	102,387	(102,387)	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	456,292	456,292
Balance at March 31, 2021	**$ 1,219,166**	**669,690**	**793,838**	**65,457**	**654,496**	**1,513,791**	**(46,581)**	**3,356,066**	**885,148**	**4,241,214**
Balance at January 1,2022	$ 1,219,166	666,220	811,565	39,196	836,963	1,687,724	(47,348)	3,525,762	1,135,261	4,661,023
Profit for the period	-	-	-	-	176,438	176,438	-	176,438	(34,900)	141,538
Other comprehensive income for the year	-	-	-	-	-	-	39,369	39,369	5,453	44,822
Total comprehensive income for the year	-	-	-	-	176,438	176,438	39,369	215,807	(29,447)	186,360
Other changes in capital surplus:										
Expenses of share option	-	6,920	-	-	-	-	-	6,920	-	6,920
The difference in net equity resulting from the subscription of new shares not in proportion	-	(34,477)	-	-	-	-	-	(34,477)	34,477	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	56,648	56,648
Balance at March 31, 2022	**$ 1,219,166**	**638,663**	**811,565**	**39,196**	**1,013,401**	**1,864,162**	**(7,979)**	**3,714,012**	**1,196,939**	**4,910,951**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

CUB ELECPARTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 166,064	268,772
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	52,184	42,561
Amortization expense	15,616	8,000
Impairment loss determined in accordance with IFRS 9	21,621	-
Interest expense	8,527	7,237
Interest income	(2,574)	(60)
Share-based payments	6,920	7,414
The losses of inventory write-down, disposal, and obsolescence	7,893	1,393
Share of loss of associates and joint ventures accounted for using equity method	-	1,958
Losses (gain) on disposals of property, plant and equipment	80	(206)
Total adjustment	110,267	68,297
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in contract assets	13,297	126,055
Decrease in notes receivable	19,763	6,385
Decrease (increase) in accounts receivable (including related parties)	290,065	(151,624)
(Increase) decrease in other receivables (including related parties)	(4,460)	3,225
(Increase) decrease in inventories	(187,723)	121,587
Decrease (increase) in other current assets	25,404	(104,387)
Net changes in operating assets	156,346	1,241
Changes in operating liabilities:		
Decrease in contract liabilities	(5,250)	(8,466)
Decrease in notes payable	(12)	-
Decrease in accounts payable (including related parties)	(57,667)	(17,655)
Decrease in other payables (including related parties)	(56,243)	(65,088)
Increase in other current liabilities	2,341	1,711
Increase in provisions	2,135	2,682
Decrease in defined benefit liabilities	(114)	(134)
Net changes in operating liabilities	(114,810)	(86,950)
Total changes in operating assets and liabilities	41,536	(85,709)
Total adjustments	151,803	(17,412)
Cash inflows generated from operations	317,867	251,360
Interest received	2,036	60
Interest paid	(8,731)	(7,685)
Income taxes paid	(202)	(241)
Net cash flows from operating activities	310,970	243,494
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(7,383)	(75,604)
Proceeds from disposal of property, plant and equipment	463	3,847
Increase in refundable deposits	(57,655)	(27,559)
Acquisition of intangible assets	(5,493)	(17,562)
Acquisition of investment properties	-	(135)
Increase in other financial assets	(2)	(89,189)
(Decrease) increase in prepayments for equipment	(20,012)	18,594
Net cash flows used in investing activities	(90,082)	(187,608)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,167,182	2,658,926
Decrease in short-term borrowings	(2,297,182)	(3,006,542)
Proceeds from long-term borrowings	200,000	-
Repayments of long-term borrowings	(232,854)	(100,000)
Repayments of lease liabilities	(3,558)	(2,501)
Decrease in guarantee deposits received	(517)	(13)
Issuance of shares for cash	56,648	456,292
Net cash (outflows) inflows form financing activities	(110,281)	6,162
Effect of exchange rate changes on cash and cash equivalents	40,854	421
Net increase in cash and cash equivalents	151,461	62,469
Cash and cash equivalents at beginning of period	2,301,133	1,194,110
Cash and cash equivalents at end of period	**$ 2,452,594**	**1,256,579**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CUB ELECPARTS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

CUB ELECPARTS INC. (the "Company") was incorporated on January 9, 1989 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 33-6, Ln. 546, Sec. 6, Zhanglu Rd., Fuxing Township, Changhua County, Taiwan. The major business activities of the Company and its subsidiaries ("the Group") are manufacturing, processing, trading, and project construction of various automobile parts, motor switches, electrical products, communications electronic products and computer peripheral equipments.

The Company's common share has been officially listed and traded on Taipei Exchange starting from March 25, 2009 and traded on the Taiwan Stock Exchange since November 19, 2010.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on May 13, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

CUB ELECPARTS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

1. List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Subsidiary	Business Activity	Shareholding 111.3.31	Shareholding 110.12.31	Shareholding 110.3.31	Note
the Company	Silver Cub Inc. (Silver)	Investment holding	100 %	100 %	100 %	
Silver Cub Inc.	Golden Cub Inc. (Golden)	Investment holding	100 %	100 %	100 %	
Golden Cub Inc.	CUB ELECPARTS INC. Shanghai Facility (CUB Shanghai)	Manufacture and processing of automobile parts	100 %	100 %	100 %	
the Company	ITM AUTOPARTS INTERNATIONAL INC.	International trade	70 %	70 %	70 %	Note
the Company	Royal Cub Inc.(Royal)	Investment holding	70 %	70 %	70 %	Note
Royal Cub Inc.	Ever Cub Inc.(Ever)	Investment holding	100 %	100 %	100 %	Note
Ever Cub Inc.	ITM Engine Components, Inc.(ITM)	Sale of automobile p	100 %	100 %	100 %	Note
the Company	HARBINGER TECHNOLOGY CORP. (HARBINGER TECHNOLOGY)	Communications electronics and the government projects	76.72 %	76.72 %	68.86 %	Note 2
HARBINGER TECHNOLOGY	RISUN EXPANSE CORP. (RISUN)	Restrained Telecom Radio Frequency Equipments and Materials Import	100 %	100 %	100 %	
the Company	CUBTEK INC. (CUBTEK)	Manufacture and processing of automobile parts	44.61 %	44.61 %	44.61 %	
CUBTEK	Globe Cub Inc. (Globe)	Investment holding	100 %	100 %	100 %	
Globe Cub Inc.	Glory Cub Inc. (Glory)	Investment holding	100 %	100 %	100 %	

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Subsidiary	Business Activity	Shareholding 111.3.31	110.12.31	110.3.31	Note
Glory Cub Inc.	CUBTEK (SHANGHAI) INC. (CUBTEK SHANGHAI)	Manufacture and processing of automobile parts	100 %	100 %	100 %	
the Company	3S System Technology Co., Ltd. (3S System)	Video monitoring system and communications construction	73.75 %	59.63 %	- %	Note 3

Note 1: Which is a non-significant subsidiary, its financial statements have not been reviewed.

Note 2: In the Board of Directors meeting on September 3, 2021, the Company participated in the cash increase of its subsidiary, HARBINGER TECHNOLOGY. The Company subscribed for 19,089 thousand shares at $30 per share and invested an amount of $572,658 thousand, representing an increase in the shareholding ratio from 68.86% to 76.72%.

Note 3: On April 29, 2021, the Company acquired 59.63% of the shares of 3S System and obtained substantive control over it. On February 21, 2022, the Board of Directors further decided to participate in the subsidiary 3S System capital increase case. The Company subscribed for 24,125 thousand shares at $22 per share, resulting in an investment amount of $530,752 thousand and an increase in the shareholding ratio from 59.63% to 73.75%.

2. List of subsidiaries which are not included in the consolidated financial statements: None.

(c) **Income taxes**

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management and allocated to current and deferred taxes based on its proportionate size.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

(d) **Employee benefits**

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2021 consolidated financial statements. Please refer to Note (6) of the consolidated financial statements for the year ended December 31, 2021, for other related information.

	March 31, 2022	December 31, 2021	March 31, 2021
Cash and cash on hand	$ 671	663	455
Demand deposits	2,451,923	2,300,470	1,256,124
Cash and cash equivalents in the consolidated statement of cash flows	**$ 2,452,594**	**2,301,133**	**1,256,579**

As of March 31, 2022, December 31, 2021 and March 31, 2021, bank deposits held by some subsidiaries were amounted to $463,727 thousand, $437,028 thousand and $56,990 thousand, respectively, which were restricted by the local exchange control and the bank deposits could not be remitted back to the holding company.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets:			
Domestic unlisted stocks	**$ 53,505**	**53,505**	**-**

(i) The Group has lost significant influence over Chimei Motor Electronics Co., Ltd. Starting from July 2021, the investment accounted for using the equity method is transferred to the financial assets at fair value through profit or loss; please refer to note 6(f).

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CUB ELECPARTS INC. AND SUBSIDIARIES
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(ii) Please refer to Note 6(aa) for market risk.

(iii) The aforementioned financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable from operating activities	$ 109,707	129,470	56,851
Accounts receivable — measured at amortized cost	1,323,220	1,621,836	1,510,638
Accounts receivable due from related parties — measured at amortized cost	61,187	52,113	86
Less: loss allowance	(69,006)	(46,862)	(11,793)
	$ 1,425,108	1,756,557	1,555,782

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the macroeconomic and related industrial information. The loss allowance provisions were determined as follows:

	March 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,195,053	0.23 %	2,807
1 to 30 days past due	173,321	4.68 %	8,106
31 to 60 days past due	11,925	6.13 %	731
61 to 90 days past due	5,610	38.37 %	2,153
More than 91 days past due	108,205	51.02 %	55,209
Total	$ 1,494,114		69,006

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,580,106	- %	-
1 to 30 days past due	74,255	- %	-
31 to 60 days past due	77,264	- %	-
61 to 90 days past due	19,859	35.08 %	6,966
More than 91 days past due	51,935	76.82 %	39,896
Total	$ 1,803,419		46,862

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	March 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,418,332	- %	-
1 to 30 days past due	101,258	- %	-
31 to 60 days past due	33,564	22.76 %	7,640
61 to 90 days past due	7,873	14.15 %	1,114
More than 91 days past due	6,548	46.41 %	3,039
Total	$ 1,567,575		11,793

The movements in the allowance for notes and accounts receivable were as follows:

	For the Three Months Ended March 31,	
	2022	2021
Balance on January 1	$ 46,862	11,804
Impairment losses recognized	21,621	-
Effects of changes in foreign exchange rates	523	(11)
Balance on March 31	$ 69,006	11,793

None of the notes and the accounts receivable held by the Group were pledged as collateral as of March 31, 2022, December 31, 2021 and March 31, 2021.

(d) Other receivables

	March 31, 2022	December 31, 2021	March 31, 2021
Other receivables － business tax refund receivable	$ 20,910	14,267	10,774
Other receivables － interests receivable	1,344	806	-
Other receivables － others	898	3,081	3,551
	$ 23,152	18,154	14,325

Please refer to Note 6(aa) for other credit risk.

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(e) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 1,025,978	855,902	531,510
Work in progress	163,158	190,535	152,159
Finished goods	212,695	209,214	118,321
Merchandise	134,362	100,810	70,805
	$ 1,536,193	**1,356,461**	**872,795**

The details of inventory-related losses (gains) are as follows:

	For the Three Months Ended March 31, 2022	2021
Warranties	$ 1,082	3,559
Write-down of inventories	7,545	-
Loss on disposal of inventory	348	1,393
Loss (gain) on physical inventory	1,141	(694)
Revenue from sale of scrap	(72)	(41)
Operating costs	**$ 10,044**	**4,217**

None of the inventories held by the Group was pledged as collateral as of March 31, 2022, December 31, 2021 and March 31, 2021.

(f) Investments accounted for using equity method

The Groups financial information for investments accounted for using the equity method was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	**$ -**	**-**	**53,533**

(i) Associates

The Group’s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of individually insignificant associates’ equity	**$ -**	**-**	**53,533**

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		For the Three Months Ended March 31,	
		2022	2021
Attributable to the Group:			
Profit	$	-	(1,958)
Other comprehensive income		-	-
Total comprehensive income	**$**	**-**	**(1,958)**

The Group held 14.74% shareholdings of Chimei Motor Electronics Co., Ltd.; however, the Group had no representative on the board after the re-election of directors and supervisors in July 2021 and lost significant influence. The Group measured the fair value of the remaining 14.74% shareholdings and reclassified them to financial assets mandatorily measured at fair value through profit or loss amounted to $53,505 thousand; please refer to note 6(b).

(ii) Collateral

As of March 31, 2022, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(iii) The unreviewed financial statements of investments accounted for using equity method

investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(g) Acquision of subsidiary

The group acquired 59.63% of shares in 3S System Technology Co., Ltd. and obtained control over the company on April 29, 2021. 3S System sells and manufactures video surveillance systems, communication engineering, and computer software.

The Group obtained control of the 3S System to acquire Artificial intelligence image recognition technology for accelerating the development of the multiple intelligences surrounding the safety monitoring system and enhance the momentum of its future operations.

The acquisition-date fair value of each major class of consideration transferred was as follows:

(i) Consideration transferred

The Company acquired 59.63% of shares in 3S System, which amounted to $411,554 thousand, and the consideration transferred is cash.

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(ii) Identifiable assets acquired and liabilities assumed

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:

		April 4, 2021
Property, plant and equipment	$	120,228
Right-of-use assets		2,988
Intangible assets		198,740
Inventories		114,812
Notes and accounts receivable and other receivables		78,181
Cash and cash equivalents		355,575
Prepayments		56,716
Other current assets		12,229
Other non-current assets		2,849
Long-term and short-term borrowings		(9,520)
Contract liabilities		(3,365)
Accounts payable and other payables		(345,793)
Lease liabilities		(3,007)
Other current liabilities		(57,724)
Fair value of net identifiable assets on April 29, 2021		522,909
Percentage of ownership		59.63 %
Fair value of net assets attributable to owners of parent on April 29, 2021	**$**	**311,793**

The total contract amount of the accounts receivable was $78,181 thousand, and the expected uncollectible amount at the date of acquisition was $0.

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	411,554
Add: Non-controlling interest (measured at the share of the acquirer's identifiable net assets in each acquisition.)		211,116
Less: Fair value of identifiable net assets		(522,909)
Goodwill	**$**	**99,761**

The Group recognized $99,761 thousand of goodwill at the acquisition date under intangible assets of consolidated balance sheets; please refer to note 6(l).

Goodwill arises primarily from the profitability of the multiple intelligences surrounding monitoring system of 3S System Technology Co., Ltd., which is expected to benefit from the synergies of the integration between the Group and 3S System Technology Co., Ltd. There is no tax impact expected on the goodwill recognition.

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(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiary	Major Operation place Registered country	Percentage of non-controlling interests March 31, 2022	December 31, 2021	March 31, 2021
HARBINGER TECHNOLOGY CORP.	Taiwan	23.28 %	23.28 %	31.14 %
CUBTEK INC.	Taiwan	55.39 %	55.39 %	55.39 %
3S System Technology Co., Ltd.	Taiwan	26.25 %	40.37 %	- %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information is the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Summary of HARBINGER TECHNOLOGY's financial figures

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	$ 1,493,404	1,832,098	1,186,776
Non-current assets	461,675	411,943	306,764
Current liabilities	(444,725)	(722,790)	(543,731)
Non-current liabilities	(14,313)	(15,115)	(15,210)
Net assets	**$ 1,496,041**	**1,506,136**	**934,599**
Non-controlling interests	**$ 376,131**	**378,693**	**311,384**

	For the Three Months Ended March 31, 2022	2021
Sale revenue	**$ 48,894**	**131,475**
Net income	$ (11,203)	(812)
Other comprehensive income	-	-
Total comprehensive income (loss)	**$ (11,203)**	**(812)**
Loss, attributable to non-controlling interests	**$ (2,820)**	**(1,136)**
Comprehensive income, attributable to non-controlling interests	**$ (2,820)**	**(1,136)**
Cash from (used in) operating activities	$ 312,188	(9,546)
Cash from (used in) investing activities	(52,723)	(108,500)
Cash from (used in) financing activities	(240,971)	(46,000)
Increase (decrease) in cash and cash equivalents	**$ 18,494**	**(164,046)**

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
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(ii) Summary of CUBTEK's financial figures

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	$ 707,641	805,566	634,286
Non-current assets	642,331	636,823	681,647
Current liabilities	(256,011)	(307,728)	(136,417)
Non-current liabilities	(165,906)	(169,872)	(185,544)
Net assets	**$ 928,055**	**964,789**	**993,972**
Non-controlling interests	**$ 514,047**	**534,394**	**550,561**

	For the Three Months Ended March 31, 2022	2021
Sale revenue	**$ 122,112**	**127,059**
Net profit (loss)	$ (45,315)	44,695
Other comprehensive income	8,580	(793)
Total comprehensive income (loss)	**$ (36,735)**	**43,902**
Net profit (loss), attributable to non-controlling interests	**$ (25,100)**	**20,008**
Comprehensive income, attributable to non-controlling interests	**$ (20,347)**	**19,874**
Cash from (used in) operating activities	$ (73,451)	(29,630)
Cash from (used in) investing activities	(10,377)	4,711
Cash from (used in) financing activities	(5,376)	439,916
Effect of exchange rate changes on cash and cash equivalents	6,237	-
(Decrease) increase in cash and cash equivalents	**$ (82,967)**	**414,997**

(iii) Summary of 3S System's financial figures

	March 31, 2022	December 31, 2021
Current assets	$ 835,497	233,082
Non-current assets	336,427	333,427
Current liabilities	(60,728)	(29,775)
Non-current liabilities	(48,340)	(45,002)
Net assets	**$ 1,062,856**	**491,732**
Non-controlling interests	**$ 283,921**	**198,512**

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
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	March 31, 2022
Sale revenue	$ **68,534**
Net loss	$ (17,423)
Other comprehensive income	-
Total comprehensive income	$ **(17,423)**
Net loss, attributable to non-controlling interests	$ **(6,142)**
Comprehensive income, attributable to non-controlling interests	$ **(6,142)**
Cash from (used in) operating activities	$ (93,303)
Cash from (used in) investing activities	(4,452)
Cash from (used in) financing activities	584,676
Net increase in cash and cash equivalents	$ **486,921**

(i) Property, plant and equipment

	Land	Buildings and Construction	Machinery and equipment	Transportation equipment	molding and other equipment	Construction in progress	Total
Carrying amounts:							
Balance on January 1, 2022	$ 540,183	791,149	302,482	8,115	222,064	11,142	1,875,135
Balance on March 31, 2022	$ 540,183	787,197	295,467	8,524	210,390	10,761	1,852,522
Balance on January 1, 2021	$ 411,779	786,645	265,666	12,501	180,005	-	1,656,596
Balance on March 31, 2021	$ 411,779	777,124	304,515	11,603	208,474	-	1,713,495

There were no significant additions, disposal, or recognition and reversal of impairment losses of property, plant, and equipment for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in Note 12(a). Please refer to Note 6(j) of the 2021 annual consolidated financial statements for other related information.

Please refer to note 8 for the property, plant and equipment pledged to secure bank loans as of March 31, 2022, December 31, 2021 and March 31, 2021.

In the Board of Directors meeting on March 14, 2011, the Company acquired land for future expansion at a total price of $63,549 thousand from the Chairman of the Company, Yu, San-Chuan, and his spouse, Yu Huang, Shu-Yuan, which originally leased by the Company and adjacent to the Company's factory. The real estate has not yet transferred the account in the name of the Group because it is agricultural land. The real estate had temporarily registered under shareholder with trust. The security procedures have been completed, and pledged the trust assets to the Group.

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(j) **Right-of-use assets**

The Company leases land, buildings, vehicles, and office equipment. Information about leases for which the Company as a lease was as follows:

		Land	Buildings and Construction	Transportation equipment	Office equipment	Total
Carrying amounts:						
Balance on January 1, 2022	$	13,167	$ 5,745	$ 2,935	3,687	25,534
Balance on March 31, 2022	$	13,520	10,216	2,593	3,431	29,760
Balance at January 1, 2021	$	13,802	9,551	2,765	4,599	30,717
Balance on March 31, 2021	$	13,565	9,131	2,988	4,572	30,256

There were no significant additions or recognition and reversal of impairment losses of right-of-use assets for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in Note 12(a). Please refer to Note 6(k) of the 2021 annual consolidated financial statements for other related information.

(k) Investment property

		Owned property		
		Land	Land improvements	Total
Carrying amounts:				
Balance on January 1, 2022	$	237,902	3,533	241,435
Balance on March 31, 2022	$	237,902	3,327	241,229
Balance on January 1, 2021	$	237,902	4,218	242,120
Balance at March 31, 2021	$	237,902	4,153	242,055

There were no significant additions or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in Note 12(a). Please refer to Note 6(l) of the 2021 annual consolidated financial statements for other related information.

The fair value of investment property was not significantly different from those disclosed in Note 6(l) of the annual consolidated financial statements for the year ended December 31, 2021.

As of March 31, 2022 and 2021, the investment properties were pledged as collateral, please refer to Note 8.

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(l) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

		Goodwill	Patents	Computer software	Trademarks	Value of contracts	Other intangible assets	Total
Carrying amounts:								
Balance on January 1, 2022	$	**454,526**	**80,143**	**213,027**	**1,274**	**43,977**	**4,041**	**796,988**
Balance on March 31, 2022	$	**455,714**	**86,960**	**199,101**	**1,198**	**42,428**	**3,012**	**788,413**
Balance on January 1, 2021	$	**355,770**	**88,247**	**45,989**	**927**	**-**	**-**	**490,933**
Balance on March 31, 2021	$	**355,840**	**85,267**	**50,665**	**873**	**-**	**-**	**492,645**

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2022 and 2021. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(m) of the 2021 annual consolidated financial statements for other related information.

There were no intangible assets pledged as collaterals as of March 31, 2022, December 31, 2021 and March 31, 2021.

(m) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

		March 31, 2022	December 31, 2021	March 31, 2021
Other current assets:				
Prepayments	$	143,700	162,831	450,290
Business tax carry forward		33,411	30,669	32,815
Other deferred charges		69,472	76,195	87,165
Other current assets, others		3,116	5,408	1,695
	$	**249,699**	**275,103**	**571,965**
Other non-current assets:				
Prepayments for equipment	$	**139,676**	**120,186**	**101,167**

(n) Short-term borrowings

The details of short-term borrowings were as follows:

		March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank loans	$	2,158,034	2,137,438	1,146,873
Secured bank loans		-	150,000	100,000
	$	**2,158,034**	**2,287,438**	**1,246,873**
Unused short-term credit lines	$	**1,025,706**	**874,036**	**1,080,000**
Range of interest rates		**0.8%~3%**	**0.8%~3%**	**0.81%~4.42%**

(Continued)

(i) Issuing and repayment the borrowings

For the three months ended March 31, 2022 and 2021, the Group had the additional short-term borrowings amounting to $2,167,182 thousand and $2,658,926 thousand with interest rate of 0.80%~3% and 0.81%~4.42%, respectively. The short-term borrowings are due in April 2022 to September 2022 and April 2021 to February 2022, respectively. For the three months ended March 31, 2022 and 2021, the repayment amounted to $2,297,182 thousand and $3,006,542 thousand, respectively.

(ii) Collateral for short-term borrowings

For the collateral for short-term borrowings, please refer to note 8.

(o) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	$ 9,520	8,397	8,670
Non-current	$ 6,866	4,082	8,054

For the maturity analysis, please refer to Note 6(aa).

The amounts recognized in profit or loss was as follows:

	For the Three Months Ended March 31,	
	2022	2021
Interest on lease liabilities	57	28
Expenses relating to short-term leases	$ 1,436	$ 1,039

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the Three Months Ended March 31,	
	2022	2021
Total cash outflow for leases	$ 5,051	3,568

(i) Real estate leases

As of March 31, 2022 and 2021, the Group leases land and buildings for its office space and plants. The leases of office space and plants typically run for 1 to 2 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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(ii) Other leases

The Group leases transportation and office equipment with lease terms of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(p) Other payables and other current liabilities

The other payables and other non-current liabilities of the Group were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Other payables:			
Salary and bonus payable	$ 58,338	76,734	70,255
Remuneration payable to employees, directors, and supervisors	26,340	19,672	22,917
Payable on machinery and equipment	22,583	17,406	32,891
Others	128,979	173,736	114,074
	$ 236,240	**287,548**	**240,137**
Other payables to related parties:			
Payable on machinery and equipment	$ -	16	13,421
Others	38	-	-
	$ 38	**16**	**13,421**
Other current liabilities:			
Receipts under custody	$ 4,912	4,843	2,874
Others	5,256	2,984	16,626
	$ 10,168	**7,827**	**19,500**

(q) Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loans	$ 895,507	899,403	987,000
Unsecured bank loans	319,375	348,333	102,939
	1,214,882	1,247,736	1,089,939
Less: current portion	(131,417)	(131,417)	(6,493)
	$ 1,083,465	**1,116,319**	**1,083,446**
Unused credit lines	**$ 25,000**	**25,000**	**100,000**
Rate	**0.983%~1.5698%**	**0.983%~1.3055%**	**0.836%~1.100%**

(Continued)

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(i) Proceeds and repayment the borrowings

For the three months ended March 31, 2022, the Group had the additional long-term borrowings amounting to $200,000 thousand with interest rate of 0.983%~1.5698%. The long-term borrowings are due in June 2024 to October 2033. There were no additional long-term borrowings for the three months ended March 31, 2021. For the three months ended March 31, 2022 and 2021, the repayment amounted to $232,854 thousand and $100,000 thousand, respectively.

(ii) Collateral for long-term borrowings

For the collateral for long-term borrowings, please refer to note 8.

(r) Provisions

	March 31, 2022	December 31, 2021	March 31, 2021
Warranties	**$ 72,300**	**70,165**	**69,477**

	Warranties
Balance on January 1, 2022	$ 70,165
Provisions made during the period	4,335
Provisions used during the period	(2,401)
Effect of exchange rate changes	201
Balance on March 31, 2022	**$ 72,300**
Balance on January 1, 2021	$ 66,795
Provisions made during the period	7,212
Provisions used during the period	(4,530)
Balance on March 31, 2021	**$ 69,477**

The Group's provision for warranty mentioned above was for products sold and construction built. Provision for warranty and the after-service cost was estimated based on the historical warranty information for similar products or services. The Company expected that most of the cost would occur within 1 year after sales.

(s) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2022	2021
Selling expenses	$ 1	5
Administration expenses	38	33
Research and development expenses	4	5
	$ 43	**43**

(ii) Defined contribution plans

The Group' s expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31,	
	2022	2021
Operating cost	$ 1,642	986
Selling expenses	975	733
Administration expenses	1,299	1,020
Research and development expenses	2,795	2,421
	$ 6,711	**5,160**

Except for the Company, other consolidated individuals of the Group recognized pension expenses based on the respective local government regulations for the defined contribution plans. For the three months ended March 31, 2022 and 2021, pension expenses of $2,748 thousand and $1,501 thousand were recognized respectively.

(t) Income taxes

(i) The components of income tax expense were as follows:

	For the Three Months Ended March 31,	
	2022	2021
Current tax expense		
Current period	$ 39,506	49,043
Deferred tax expense (income)		
Origination and reversal of temporary differences	(14,980)	3,488
Income taxes	**$ 24,526**	**52,531**

(ii) Assessment of tax

The Company' s income tax returns for the years through 2018 have been examined and approved by the R.O.C. income tax authorities.

(Continued)

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(u) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital surplus

The components of capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	$ 17,151	17,151	17,151
Premium of convertible corporate bonds	530,658	530,658	530,658
Gain on disposal of assets	1,468	1,468	1,468
Employee stock options	42,566	35,646	12,275
Employee stock options (Expired)	502	502	502
Share option – convertible bonds issued	18	18	18
Changes in ownership interests in subsidiaries	-	-	102,387
Changes in net equity of associates are recognized by equity method	46,300	80,777	5,231
	$ 638,663	666,220	669,690

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

The Company’s article of incorporation stipulated that annual earning shall be appropriated as follows:

(A) defray tax due in accordance with the law.

(B) offset prior years’ operating losses;

(C) of the remaining balance, 10% to be appropriated as legal reserve;

(D) set aside special reserve or reverse special reserve previously provided

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
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(E) After deducting the balance from the items mentioned above, the Board of Directors shall adopt the proposal of a dividend for the residual balance and the previous year' s undistributed earnings to be submitted for approval during the shareholders' meeting. Dividends may be distributed by stock or cash dividends.

The Company is in a growth phase. Based on capital expenditure, business expansion needs, and financial planning for sustainable development, the Company's dividend policy will allocate retained earnings to shareholders through stock and cash dividends in accordance with the Company's future capital expenditure budget and capital requirements. The cash dividend ratio of such dividends shall not be less than 5% of the total dividend of the shareholders.

On March 8, 2022, the Company's board of directors resolved to appropriate the 2021 earnings. On August 30, 2021, the shareholder's meetings resolved to distribute the 2020 earnings. These earnings were appropriated as follows:

	2021		2020	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 1.0	121,917	1.2	146,300
Shares	1.0	121,916	-	-
	$ 2.0	**243,833**	**1.2**	**146,300**

(iii) Other equity

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2022	$ (47,348)
Exchange differences on translation of net assets of foreign operations	39,369
Balance on March 31, 2022	**$ (7,979)**
Balance on January 1, 2021	$ (39,196)
Exchange differences on translation of net assets of foreign operations	(7,385)
Balance at March 31, 2021	**$ (46,581)**

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(v) Share-based payments

Except for the following disclosure, there was no significant change for share-based payments for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2021.

As of March 31, 2022 and 2021 the weighted-average remaining contractual life for outstanding option awards were 2.94 and 3.67 years, respectively. The expenses related to the share-based payments amounted to $6,920 thousand and $7,414 thousand, respectively.

(w) Earnings Per Share

The Company's earnings per share were calculated as follows:

	For the Three Months Ended March 31,	
	2022	**2021**
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company (basic)	$ **176,438**	**196,893**
Weighted-average number of ordinary shares outstanding	**121,917**	**121,917**
	$ **1.45**	**1.61**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company (basic and diluted)	$ **176,438**	**196,893**
Weighted-average number of ordinary shares outstanding	121,917	121,917
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	94	43
Employee stock option	27	-
Weighted average number of ordinary shares outstanding (diluted)	$ **122,038**	**121,960**
	$ **1.45**	**1.61**

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(x) Revenue from contract with customers

(i) Disaggregation of revenue

	Automobile Parts Division	Communications equipment and construction Group	Total
For the Three Months Ended March 31, 2022			
Primary geographical markets			
China	$ 130,822	67	130,889
Taiwan	117,888	74,911	192,799
United States	494,672	1,147	495,819
Germany	77,907	-	77,907
Other countries	93,417	330	93,747
	$ 914,706	**76,455**	**991,161**
Major products/service lines			
Automobile motor switch	$ 343,250	-	343,250
Automobile safety components and systems	493,982	-	493,982
Communication equipment, construction, and others	77,474	76,455	153,929
	$ 914,706	**76,455**	**991,161**
For the Three Months Ended March 31, 2021			
Primary geographical markets			
China	$ 362,496	-	362,496
Taiwan	75,059	131,475	206,534
United States	509,172	-	509,172
Germany	36,142	-	36,142
Other countries	48,558	-	48,558
	$ 1,031,427	**131,475**	**1,162,902**
Major products/service lines			
Automobile motor switch	$ 348,317	-	348,317
Automobile safety components and systems	639,515	-	639,515
Communication equipment, construction and others	43,595	131,495	175,090
	$ 1,031,427	**131,495**	**1,162,922**

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(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contract assets - construction and equipment	$ 415,454	428,751	489,452
Less: loss allowance	-	-	-
	$ 415,454	**428,751**	**489,452**
Contract liabilities—advance sales receipts	$ 156,749	161,962	10,260
Contract liabilities—advance molding receipts	21,813	21,813	21,813
Contractual liabilities – unearned revenue	64	101	97
	$ 178,626	**183,876**	**32,170**

For the details of accounts receivable and loss allowance, please refer to Note 6(c).

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the contract liability balance at the beginning of the period were $8,695 thousand and $6,827 thousand, respectively.

The contract assets were mainly recognized revenue of project work but not yet paid up at the reporting date. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

The contract liabilities primarily relate to the advance consideration received from contracts with automobile parts and molding sold, for which revenue is recognized when products are delivered to customers.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There is no significant changes for the three months ended March 31, 2022 and 2021.

(y) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute between 2%~8% of the profit as employee compensation and between 1%~5% as directors' and supervisors' remuneration when there is profit for the year. Employee remuneration shall be distributed when the Company has a profit, whether the dividend is distributed to shareholders. The recipients of shares and cash may include the employees of the Company’ s affiliated companies who meet certain conditions.

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For the three months ended March 31, 2022 and 2021, the amounts of employees' bonuses were estimated at $4,445 thousand and $4,741 thousand respectively. The amounts remuneration to directors and supervisors were estimated at $2,222 thousand and $2,371 thousand respectively. The estimation basis shall be calculated as the amounts of net income before tax deducted employees', directors' and supervisors' bonuses, multiplied distributed percentage of employees' bonuses, directors' and supervisors' remuneration based on the Corporation's articles of incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

For the year ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $12,997 thousand and $5,833 thousand, respectively, and directors' and supervisors' remuneration amounting to $6,499 thousand and $2,916 thousand, respectively. There is no discrepancy between the actual remuneration and the estimation. Related information would be available at the Market Observation Post System website.

(z) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the Three Months Ended March 31, 2022	2021
Interest income from bank deposits	$ 2,574	60

(ii) Other income

The details of other income were as follows:

	For the Three Months Ended March 31, 2022	2021
Other income - other	$ 3,062	3,514

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the Three Months Ended March 31, 2022	2021
Foreign exchange gains	$ 70,708	4,721
Gains (losses) on disposal of property, plant and equipment	(80)	206
Compensation losses	(12)	-
Others	(74)	(170)
	$ 70,542	4,757

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(iv) Finance costs

The details of finance costs for 2021 and 2020 were as follows:

		For the Three Months Ended March 31,	
		2022	**2021**
Interest on bank loans	$	8,470	7,209
Interest on lease liabilities		57	28
	$	**8,527**	**7,237**

(aa) Financial Instrument

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(ab) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represented the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group reviewed the concentrations of credit risk arising from its major customer , at percentages below 25%、26% and 14%, respectively, of the total trade receivables. The other top three major clients contributed no more than 41%, 30% and 49%, respectively, of the total receivables.

3) Receivables and debt securities

For the information regarding credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include other receivables, which is considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. There were no expected credit losses for other receivables as of January 1, 2022 and 2021 and March 31, 2022 and 2021.

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(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying Amount	Contractual cash flows	within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
March 31, 2022							
Non-derivative financial liabilities							
Non-interest bearing liabilities	$ 840,986	840,986	840,986	-	-	-	-
Floating rate instruments	3,372,916	3,407,998	2,231,253	68,613	363,186	636,988	107,958
Current and non-current lease liabilities	16,386	16,615	6,606	3,065	4,653	2,291	-
Guarantee deposits	4,312	4,312	-	-	4,312	-	-
	$ 4,234,600	**4,269,911**	**3,078,845**	**71,678**	**372,151**	**639,279**	**107,958**
December 31, 2021							
Non-derivative financial liabilities							
Non-interest bearing liabilities	$ 949,951	949,951	949,951	-	-	-	-
Floating rate instruments	3,535,174	3,841,632	1,529,496	1,172,180	249,774	778,888	111,294
Current and non-current lease liabilities	12,479	12,595	5,196	3,271	2,255	1,873	-
Guarantee deposits	4,829	4,829	-	-	4,829	-	-
	$ 4,502,433	**4,809,007**	**2,484,643**	**1,175,451**	**256,858**	**780,761**	**111,294**
March 31, 2021							
Non-derivative financial liabilities							
Non-interest bearing liabilities	$ 884,808	884,808	884,808	-	-	-	-
Current and non-current lease liabilities	2,336,812	2,388,769	1,134,081	126,476	119,616	885,706	122,890
Fixed rate instrument	16,724	16,865	4,667	4,079	5,473	2,646	-
Guarantee deposits	5,717	5,717	-	-	5,717	-	-
	$ 3,244,061	**3,296,159**	**2,023,556**	**130,555**	**130,806**	**888,352**	**122,890**

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

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(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk is as follows:

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 57,099	28.63	1,634,459	72,912	27.68	2,018,204	46,003	28.54	1,312,926
EUR	1,876	31.92	59,882	1,753	31.32	54,904	1,547	33.48	51,794
CNY	20,899	4.506	94,171	20,779	4.344	90,351	19,381	4.34	84,114
JPY	47	0.2353	11	1,790	0.241	430	5,998	0.26	1,559
Financial liabilities									
Monetary items									
USD	6,442	28.63	184,402	7,862	27.68	217,620	6,632	28.54	189,277
CNY	67	4.506	302	67	4.344	291	192	4.34	833
JPY	121	0.2353	28	-	0.241	-	795	0.26	207

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings, and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD, EUR, CNY, and JPY as of March 31, 2022 and 2021 would have increased (decreased) the net profit after tax by $12,830 thousand and $10,081 thousand, respectively. This analysis assumes that all other variables remain constant, and the analysis is performed on the same basis for 2021.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, the foreign exchange gain (including realized and unrealized portions) amounted to $70,708 thousand and $4,721 thousand, respectively.

2) interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

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If the interest rate increases or decreases by 1% the Group's net income will decrease /increase by $26,983 thousand and $18,694 thousand for the years ended March 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(iv) Fair value of financial instruments

1) Types and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for lease liabilities, disclosure of fair value information is not required:

	March 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	$ 53,505	-	-	53,505	53,505
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,452,594	-	-	-	-
Current contract assets	415,454	-	-	-	-
Notes and accounts receivable and other receivables (including receivables due from related parties)	1,427,350	-	-	-	-
Other financial assets (including current and non-current)	12,225	-	-	-	-
Refundable deposits	200,200	-	-	-	-
	$ 4,507,823				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 2,158,034	-	-	-	-
Notes and accounts payables and other payables (including payables due from related parties)	840,986	-	-	-	-
Lease liabilities (including current and non-current)	16,386	-	-	-	-
Long-term borrowings (including current portion)	1,214,882	-	-	-	-
Guarantee deposits	4,312	-	-	-	-
	$ 4,234,600				

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	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Domestic unlisted stocks	$ 53,505	-	-	53,505	53,505
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,301,133	-	-	-	-
Current contract assets	428,751	-	-	-	-
Notes and accounts receivable and other receivables (including receivables due from related parties)	1,760,444	-	-	-	-
Other financial assets (including current and non-current)	12,223	-	-	-	-
Refundable deposits	142,545	-	-	-	-
	$ 4,645,096				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 2,287,438	-	-	-	-
Notes and accounts payables and other payables (including payables due from related parties)	949,951	-	-	-	-
Lease liabilities (including current and non-current)	12,479	-	-	-	-
Long-term borrowings (including current portion)	1,247,736	-	-	-	-
Guarantee deposits	4,829	-	-	-	-
	$ 4,502,433	-	-	-	-

	March 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,256,579	-	-	-	-
Current contract assets	489,452	-	-	-	-
Notes and accounts receivable and other receivables (including receivables due from related parties)	1,559,419	-	-	-	-
Other financial assets (including current and non-current)	144,595	-	-	-	-
Refundable deposits	68,521	-	-	-	-
	$ 3,518,566				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 1,246,873	-	-	-	-
Notes and accounts payables and other payables (including payables due from related parties)	884,808	-	-	-	-
Lease liabilities (including current and non-current)	16,724	-	-	-	-
Long-term borrowings (including current portion)	1,089,939	-	-	-	-
Guarantee deposits	5,717	-	-	-	-
	$ 3,244,061				

(Continued)

2) Fair value valuation techniques of financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

2.1) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

2.2) Financial assets measured at amortized cost (debt investment that has no active markets) and financial liabilities measured at amortized cost.

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Fair value valuation techniques of financial instruments measured at fair value

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market date at the reporting date

4) Transfers between Level 1 and Level 2

There was no transfer between the fair value hierarchy levels for the three months ended March 31, 2022 and 2021.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – debt investments”.

Equity investments without an active market contains multiple significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

(ab) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ac) of the consolidated financial statements for the year ended December 31, 2021.

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(ac) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(ac) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(ad) Investing and financing activities not affecting cash flows

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2022 and 2021, were as follows:

(i) Requirement of right-of-use assets through lease agreement, please refer to note 6(j).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

			Non-Cash changes	
	January 1, 2022	**Statements of Cash Flows**	**Increase (decrease) for the period**	**March 31, 2022**
Short-term borrowings	$ 2,287,438	(130,000)	596	2,158,034
Current and non-current lease liabilities	12,479	(3,558)	7,465	16,386
Long-term borrowings (including current portion)	1,247,736	(32,854)	-	1,214,882
Total liabilities from financing activities	**$ 3,547,653**	**(166,412)**	**8,061**	**3,389,302**

			Non-Cash changes	
	January 1, 2021	**Statements of Cash Flows**	**Increase (decrease) for the period**	**March 31, 2021**
Short-term borrowings	$ 1,594,711	(347,616)	(222)	1,246,873
Current and non-current lease liabilities	16,975	(2,501)	2,250	16,724
Long-term borrowings (including current portion)	1,189,933	(100,000)	6	1,089,939
Total liabilities from financing activities	**$ 2,801,619**	**(450,117)**	**2,034**	**2,353,536**

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(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Jiu Feng Co., LTD. (Jiu Feng)	The chairman of the company is the second-degree relative with the chairman of the Company
HUNG YII AUTO PARTS CO., LTD. (HUNG YII)	The chairman of the company is the second-degree relative with the chairman of the Company
DEPO AUTO PARTS IND. CO., LTD. (DEPO)	The chairman of the company is the director of the Company
Hu Lane Associate Inc. (Hu Lane)	The chairman of the company is the director of the Company
POINT COMMUNICATION ENTERPRISE CO., LTD. (POINT COMMUNICATION)	The chairman of the company is the second-degree relative with the general manager of the Company's subsidiary, HARBINGER TECHNOLOGY
3S POCKETNET TECHNOLOGY INC. (3S POCKETNET)	The chairman of the company is the director of the Company's subsidiary - 3S System
Anhui Shangshi Pocket Electrical Engineering Co., Ltd. (Anhui Shangshi))	The chairman of the company is the director of the Company's subsidiary - 3S System

(b) Significant transactions with related parties

(i) Sale revenue

	For the Year Ended December 31,	
	2022	**2021**
The company is controlled by key management personnel, which are second-degree relatives POINT COMMUNICATION	$ 70	-
Other related parties－3S POCKETNET	9,438	-
	$ 9,508	**-**

There were no significant differences in the selling prices and trading terms between related parties and regular customers.

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(ii) Purchases

The amounts of significant purchase and process transactions between the Group and associates were as follows:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
The company is controlled by key management personnel, which are second-degree relatives		
HUNG YII	$ 12,194	13,735
Jiu Feng	409	1,217
POINT COMMUNICATION	1,819	2,542
Other related parties—Hu Lane	100	-
	$ 14,522	17,494

The price and trading terms of purchase and process outsourcing between the Group and related parties have no difference from non-related parties, except some specific products have no non-related party to compare with.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Relationship	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	The company is controlled by key management personnel, which are second-degree relatives			
	POINT COMMUNICATION	$ 72	4,429	86
	Other related parties —3S POCKETNET	61,115	47,684	-
		$ 61,187	52,113	86

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
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(iv) Payables to Related Parties

Account	Relationship	March 31, 2022	December 31, 2021	March 31, 2021
Account payables	The company is controlled by key management personnel, which are second-degree relatives			
	HUNG YII	$ 5,058	6,429	5,512
	Jiu Feng	115	317	813
	POINT COMMUNICATION	-	5,050	3,019
	Other related parties—Hu Lane	195	230	-
		$ 5,368	**12,026**	**9,344**
Other payables	The company is controlled by key management personnel, which are second-degree relatives			
	POINT COMMUNICATION	$ -	16	-
	Other related parties			
	DEPO	-	-	13,421
	3S POCKETNET	29	-	-
	Anhui Shangshi	6	-	-
	Hu Lane	3	-	-
		$ 38	**16**	**13,421**

(c) Key management personnel transactions

Key management personnel compensation includes:

	For the Three Months Ended March 31, 2022	2021
Short-term employee benefits	$ 17,531	$ 7,854
Post-employment benefits	160	197
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payment	-	-
	$ 17,691	**8,051**

CUB ELECPARTS INC. AND SUBSIDIARIES
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(8) Pledged assets:

The book value of the Group’s pledged assets were as follows:

Item	Purpose of Pledge		March 31, 2022	December 31, 2021	March 31, 2021
Land (including investment property)	Collateral for long-term loans and credit lines	$	693,397	649,681	649,681
Buildings and Construction	Collateral for long-term loans and credit lines		607,987	594,802	612,613
Other financial assets —bank deposits	Collateral for long-term loans and credit lines		12,225	12,223	89,195
Other financial assets —bank deposits	Guarantee deposit for litigation		-	-	55,400
		$	**1,313,609**	**1,256,706**	**1,406,889**

(9) Significant commitments and contingencies:

(a) Significant unrecognized commitments

(i) The Group’s unrecognized contractual commitments were as follows:

		March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	$	**36,286**	**36,219**	**85,115**

(ii) The unused letters of credit

		March 31, 2022	December 31, 2021	March 31, 2021
The unused letters of credit	$	**29,767**	**2,716**	**3,993**

(iii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the refundable deposits paid, amounted to $428,637 thousand, $427,348 thousand and $419,617 thousand, respectively.

(b) Contingencies

(i)

On January 23, 2017, ORANGE ELECTRONIC CO., LTD. (hereinafter referred to as “Orange”) filed an injunction of patent infringement of patent No. I522602 "Serial number writable Tire-pressure monitoring device and its setting method" (hereinafter referred to as “disputed patent”) and damage reliefs lawsuit against the Company in the Intellectual Property Court. On April 8, 2021, the Group received the civil judgment of the Intellectual Property Court and the trial results of civil patent litigation No. 26 in 2020. The plaintiff's lawsuits in both the first and second instance were dismissed, and the litigation costs of the first and second instance were borne by the plaintiff. The judgment in this case has been determined because the plaintiff did not file an appeal within the statutory period.

CUB ELECPARTS INC. AND SUBSIDIARIES
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(ii)

The Group has assessed the contingent cases on the basis of historical experience and assessed the impact on the operations and finances of the Group, and estimated and accounted for the contingencies according to the development of related matters.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the Three Months Ended March 31, 2022			For the Three Months Ended March 31, 2021		
	Cost of sale	Operating expenses	Total	Cost of sale	Operating expenses	Total
Employee benefits						
Salary	37,906	147,445	185,351	37,052	115,864	152,916
Labor and health insurance	3,584	13,555	17,139	3,363	10,934	14,297
Pension	2,548	6,954	9,502	1,498	5,206	6,704
Other employee benefits expense	1,302	3,546	4,848	1,159	2,508	3,667
Depreciation	31,152	21,032	52,184	25,165	17,396	42,561
Amortization	313	15,303	15,616	282	7,718	8,000

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2022:

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	ITM Engine Components, Inc.	2	742,802	25,763 (USD 900)	25,763	18,034	-	0.73 %	1,857,006	Y		
0	the Company	HARBINGER TECHNOLOGY	2	742,802	550,000	550,000	460,876	-	15.60 %	1,857,006	Y		
0	the Company	3S System	2	742,802	210,000	210,000	-	-	5.96 %	1,857,006	Y		

Note 1: The amount of the guarantees and endorsements for a single company shall not exceed 20% of the Company's current net value.

Note 2: The total amount of the guarantees and endorsements provided by the Company shall not exceed 50% of the Company's current net value.

Note 3: The relationship between the endorser/guarantor and the guaranteed party:

1. Having business relationship.

2. The Company which directly or indirectly holds more than 50% of the subsidiary

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
CUBTEK	Chimei Motor Electronics Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	2,800	53,505	8.34 %	53,505	

(iv) Securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
the Company	Stocks - 3S System	Equity method investments	3S System	Subsidiary of the Company	18,707	411,554	24,125	530,752	-	-	-	-	42,832	942,306

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(Continued)

CUB ELECPARTS INC. AND SUBSIDIARIES
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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

For the three months ended March 31, 2022.

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	the Company	CUB Shanghai	1	Purchase	51,428	General price and terms of payment	5.19%
1	CUB Shanghai	the Company	2	Sale	51,428	〃	5.19%
0	the Company	CUB Shanghai	1	Sale	1,265	〃	0.13%
1	CUB Shanghai	the Company	2	Purchase	1,265	〃	0.13%
0	the Company	CUBTEK	1	Sale	24,407	〃	2.46%
2	CUBTEK	the Company	2	Purchase	24,407	〃	2.46%
0	the Company	CUBTEK	1	Other operating income	1,663	According to the contract	0.17%
2	CUBTEK	the Company	2	Other operating cost	1,663	〃	0.17%
0	the Company	CUB Shanghai	1	Accounts payable	13,519	General price and terms of payment	0.14%
3	CUB Shanghai	the Company	2	Accounts receivable	13,519	〃	0.14%
0	the Company	CUB Shanghai	1	Accounts receivable	515	〃	0.01%
1	CUB Shanghai	the Company	2	Accounts payable	515	〃	0.01%
0	the Company	CUB Shanghai	1	Other receivables	1,474	〃	0.02%
1	CUB Shanghai	the Company	2	Other payables	1,474	〃	0.02%
0	the Company	CUBTEK	1	Accounts receivable	32,411	〃	0.34%
1	CUBTEK	the Company	2	Accounts payable	32,411	〃	0.34%
0	the Company	CUBTEK	1	Accrued expenses	25,260	〃	0.26%
2	CUBTEK	the Company	2	Accounts receivable	25,260	〃	0.26%
0	the Company	CUBTEK	1	Other receivables	4,732	〃	0.05%
2	CUBTEK	the Company	2	Other payables	4,732	〃	0.05%
0	the Company	ITM	1	Accrued expenses	287	〃	-%
5	ITM	the Company	2	Accounts receivable	287	〃	-%
0	the Company	HARBINGER TECHNOLOGY	1	Other receivables	526	〃	0.01%
3	HARBINGER TECHNOLOGY	the Company	2	Other payables	526	〃	0.01%
3	HARBINGER TECHNOLOGY	3S System	3	Purchase	40,973	〃	4.13%
8	3S System	HARBINGER TECHNOLOGY	3	Sale	40,973	〃	4.13%
3	HARBINGER TECHNOLOGY	3S System	3	Accounts payable	36,660	〃	0.38%
8	3S System	HARBINGER TECHNOLOGY	3	Accounts receivable	36,660	〃	0.38%
4	ITM AUTOPARTS INTERNATIONAL	ITM	3	Sale	10,361	〃	1.05%
5	ITM	ITM AUTOPARTS INTERNATIONAL	3	Purchase	10,361	〃	1.05%
4	ITM AUTOPARTS INTERNATIONAL	ITM	3	Accounts receivable	27,890	〃	0.29%
5	ITM	ITM AUTOPARTS INTERNATIONAL	3	Accounts payable	27,890	〃	0.29%
2	CUBTEK	CUBTEK SHANGHAI	3	Sale	42,384	〃	4.28%
7	CUBTEK SHANGHAI	CUBTEK	3	Purchase	42,384	〃	4.28%
2	CUBTEK	CUBTEK SHANGHAI	3	Accounts receivable	145,748	〃	1.52%
7	CUBTEK SHANGHAI	CUBTEK	3	Accounts payable	145,748	〃	1.52%

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No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	CUB Shanghai	CUBTEK SHANGHAI	3	Sale	25,004	〃	2.52%
7	CUBTEK SHANGHAI	CUB Shanghai	3	Purchase	25,004	〃	2.52%
1	CUB Shanghai	CUBTEK SHANGHAI	3	Accounts receivable	79,201	〃	0.83%
7	CUBTEK SHANGHAI	CUB Shanghai	3	Accounts payable	79,201	〃	0.83%
3	HARBINGER TECHNOLOGY	RISUN	3	Other payables	4,000	Loans with other parties	0.04%
6	RISUN	HARBINGER TECHNOLOGY	3	Other receivables	4,000	〃	0.04%
1	CUB Shanghai	CUBTEK SHANGHAI	3	Accrued expenses	638	General price and terms of payment	0.01%
7	CUBTEK SHANGHAI	CUB Shanghai	3	Accounts receivable	638	〃	0.01%

Note 1: Numbers are filled in as follows:

(i) "0" represents the parent company.

(ii) Subsidiaries are numbered starting from "1".

Note 2: Categories of relationship with counterparty are as below:

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
the Company	Silver Cub Inc.	Samoa	Investment holding	NTD233,066 (USD7,110)	NTD233,066 (USD7,110)	7,110	100%	939,625	(8,062)	(8,062)	Subsidiary (Note 1)
Silver Cub Inc.	Golden Cub Inc.	Anguilla	Investment holding	USD7,110	USD7,110	7,110	100%	USD32,830	USD(288)	USD(288)	Subsidiary (Note 1)
the Company	Royal Cub Inc.	Seychelles	Investment holding	NTD56,175 (USD1,919)	NTD56,175 (USD1,919)	1,919	70%	49,977	1,735	1,214	Subsidiary (Note 1)
Royal Cub Inc.	Ever Cub Inc.	Seychelles	Investment holding	USD2,741	USD2,741	2,741	100%	USD2,494	USD62	USD62	Subsidiary (Note 1)
Ever Cub Inc.	ITM Engine Components, Inc.	Carson. U.S.A	Sales of automobile parts	USD2,807	USD2,807	2,458	100%	USD2,494	USD62	USD62	Subsidiary (Note 1)
the Company	ITM AUTOPARTS INTERNATIONAL	Taiwan	International trade	10,500	10,500	1,050	70%	9,466	1,489	1,042	Subsidiary (Note 1)
the Company	HARBINGER TECHNOLOGY	Taiwan	Communications Electronics and Government project loans	1,500,485	1,500,485	44,534	76.72%	1,440,139	(10,370)	(8,382)	Subsidiary (Note 1)
HARBINGER TECHNOLOGY	RISUN	Taiwan	Restrained Telecom Radio Frequency Equipment and Materials Import	5,000	5,000	500	100%	5,353	(22)	(22)	Subsidiary (Note 1)
the Company	CUBTEK	Taiwan	Motor Vehicles and Parts Manufacturing	596,907	596,907	40,595	44.61%	414,008	(45,315)	(20,215)	Subsidiary (Note 1)
CUBTEK	Globe Cub Inc.	Anguilla	Investment holding	176,330 (USD 6,200)	176,330 (USD 6,200)	6,200	100%	200,838	(29,289)	(29,289)	Subsidiary (Note 1)
Globe Cub Inc.	Glory Cub Inc.	Seychelles	Investment holding	USD 6,200	USD 6,200	6,200	100%	USD 7,911	USD (1,045)	USD (1,045)	Subsidiary (Note 1)
the Company	3S System	Taiwan	Video surveillance system and	942,306	411,554	42,832	73.75%	875,544	(14,673)	(14,996)	Subsidiary (Note 1)

Note 1: The above inter-company transactions have been eliminated when preparing the consolidated financial statements.

Note 2: Starting from August 2021, transferred to financial assets measured at fair value through profit or loss.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CUB Shanghai	Manufacturing, processing and selling of automobile parts and motor switches	233,066 (USD7,110)	Indirectly owned by the company	233,066 (USD7,110)	-	-	233,066 (USD7,110)	(8,062)	100.00%	(8,062)	939,625	-
CUBTEK SHANGHAI	Motor Vehicles and Parts Manufacturing	176,330 (USD6,200)	Indirectly owned by the company	176,330 (USD6,200)	-	-	176,330 (USD6,200)	(29,289)	44.61%	(13,066)	89,594	-

Note: The above inter-company transactions have been eliminated when preparing the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD$409,396	NTD$409,396	2,946,571
(USD$13,310)	(USD$13,310)	

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major Shareholders:

Unit: Shares

Shareholding / Shareholder’s name	Shares	Percentage
Jun Chang Investment Co., Ltd.	14,522,645	11.91 %
Jun Rui Investment Co., Ltd.	13,739,638	11.26 %
Yu, Yu-Tao	9,356,727	7.67 %
Yu, Yu-Shih	9,019,836	7.39 %
Yu, San-Chuan	8,053,631	6.60 %
Huang, Shu-Yuan	6,569,783	5.38 %

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(14) Segment information:

The Group's operating segment information and the reconciliations were as follows:

For the three months ended March 31, 2022	Automobile Parts Division	Communications equipment and construction Division	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	$ 914,706	76,455	-	991,161
Intersegment revenues	161,613	40,973	(202,586)	-
Total revenue	**$ 1,076,319**	**117,428**	**(202,586)**	**991,161**
Reportable segment profit or loss	**$ 123,017**	**(25,065)**	**43,586**	**141,538**

For the three months ended March 31, 2021	Automobile Parts Division	Communications equipment and construction Division	Reconciliation and elimination	Total
Revenue				
Revenue from external customers	$ 1,031,427	131,475	-	1,162,902
Intersegment revenues	400,203	-	(400,203)	-
Total revenue	**$ 1,431,630**	**131,475**	**(400,203)**	**1,162,902**
Reportable segment profit or loss	**$ 216,160**	**(835)**	**916**	**216,241**

	Automobile Parts Division	Communications equipment and construction Division	Reconciliation and elimination	Total
Reportable segment assets				
Balance on March 31, 2022	**$ 8,397,005**	**3,091,806**	**(1,902,376)**	**9,586,435**
Balance on January 1, 2021	**$ 8,037,174**	**2,772,602**	**(1,243,595)**	**9,566,181**
Balance on March 31, 2021	**$ 6,793,113**	**1,493,540**	**(557,374)**	**7,729,279**
Reportable segment liabilities				
Balance on March 31, 2022	**$ 4,009,429**	**568,106**	**97,949**	**4,675,484**
Balance on January 1, 2021	**$ 3,962,792**	**812,682**	**129,684**	**4,905,158**
Balance on March 31, 2021	**$ 2,935,201**	**558,941**	**(6,077)**	**3,488,065**