MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

June 30, 2022 AND 2021

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Merry Electronics Co., Ltd. and subsidiaries (the “Group”) as on June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended, as well as the related consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4 (3) and 6 (9), the financial statements of certain insignificant consolidated subsidiaries and certain investments accounted for using the equity method were not reviewed by independent auditors. Those statements reflect total assets of NT$4,423,773 thousand and NT$5,027,240 thousand, constituting 14% and 16% of the consolidated total assets, and total liabilities of NT$2,139,811 thousand and NT$2,252,802 thousand, constituting 11% and 11% of the consolidated total liabilities as at June 30, 2022 and 2021, respectively, and reflect total revenue of NT$301,316 thousand, NT$277,312 thousand, NT$524,188 thousand and NT$560,867 thousand, constituting 4%, 3%, 4% and 4% of the consolidated revenues for the three months and six months then ended, respectively, and total comprehensive income (loss) of NT$116,519 thousand, NT$106,408 thousand, NT$275,233 thousand and NT$130,688 thousand, constituting 37%, (394%), 40% and (89%) of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and certain investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as on June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months then ended, and its consolidated cash flows for the six months then ended in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Liu, Mei-Lan

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

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 were reviewed, not audited)

			June 30, 2022		December 31, 2021		June 30, 2021	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 5,880,028	18	$ 4,841,969	14	$ 5,651,209	18
1110	Financial assets at fair value through profit or loss – current	6 (2)	502,565	2	339,000	1	345,747	1
1120	Financial assets at fair value through other comprehensive income – current	6 (3)	108,825	-	110,695	-	109,952	-
1136	Financial assets at amortized cost – current	6 (4) and 8	1,055,142	3	1,029,073	3	851,853	3
1170	Accounts receivable, net	6 (5) (6)	6,180,729	19	9,365,119	28	7,471,140	23
1180	Accounts receivable due from related parties, net	7 (2)	203,236	1	38,201	-	33,637	-
1200	Other receivables		193,516	1	399,763	1	181,855	1
1210	Other receivables – related parties	7 (2)	784,590	2	554,654	2	411,495	1
130X	Inventories	6 (7)	5,251,753	16	5,146,042	15	4,322,389	13
1470	Other current assets	6 (8) and (24)	359,441	1	352,887	1	502,170	2
11XX	**Current Assets**		20,519,825	63	22,177,403	65	19,881,447	62
	Non-current assets							
1510	Financial assets at fair value through profits or loss – non-current	6 (2)	27,380	-	25,395	-	26,468	-
1517	Financial assets at fair value through other comprehensive income– non-current	6 (3)	754,009	2	1,010,291	3	1,380,367	4
1535	Financial assets at amortized cost – non-current	8	319,608	1	3,853	-	-	-
1550	Investments accounted for under equity method	6 (9)	4,733,027	15	4,699,769	14	4,600,853	14
1600	Property, plant and equipment	6 (10)	4,019,734	12	3,951,003	12	3,987,448	13
1755	Right-of-use assets	6 (11)	178,827	1	200,224	-	280,148	1
1780	Intangible assets	6 (12)	1,310,121	4	1,376,179	4	1,379,905	4
1840	Deferred income tax assets	6 (30)	209,281	1	210,689	1	188,456	1
1900	Other non-current assets	6 (13)	259,667	1	207,818	1	295,760	1
15XX	**Non-current assets**		11,811,654	37	11,685,221	35	12,139,405	38
1XXX	**Total assets**		$ 32,331,479	100	$ 33,862,624	100	$ 32,020,852	100

(Continued)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2022 and 2021 were reviewed, not audited)

	Liabilities and Equity	Notes	June 30, 2022 AMOUNT	%	December 31, 2021 AMOUNT	%	June 30, 2021 AMOUNT	%
	Current liabilities							
2100	Short-term borrowing	6 (14)	$ 3,726,069	11	$ 3,738,289	11	$ 5,477,130	17
2120	Financial liabilities at fair value through profit or loss – current	6 (2)	17,519	-	3,020	-	5,342	-
2130	Contract liabilities – current	6 (24)	361,438	1	874,000	3	702,629	2
2150	Notes payable		2	-	-	-	2,614	-
2170	Accounts payable		4,811,813	15	5,709,582	17	4,659,848	15
2180	Accounts payable – related parties	7 (2)	2,285,044	7	3,633,296	11	2,298,963	7
2200	Other payables	6 (2) (15)	1,827,822	6	1,142,503	3	2,427,033	8
2220	Other payables – related parties	7 (2)	143,565	-	66,814	-	142,651	-
2230	Current income tax liabilities		216,311	1	209,887	1	103,433	-
2320	Current portion of long-term liabilities	6 (16) (17)	247,501	1	170,074	-	2,251,154	7
2365	Refund liabilities– current	6 (24)	224,575	1	246,964	1	230,067	1
2399	Other current liabilities		100,986	-	71,623	-	172,512	1
21XX	**Current Liabilities**		13,962,645	43	15,866,052	47	18,473,376	58
	Non-current liabilities							
2527	Contract liabilities – non-current	6 (24)	737,400	3	-	-	-	-
2530	Bonds payable	6 (16)	2,939,564	9	2,925,589	9	-	-
2540	Long-term borrowings	6 (17)	1,121,633	4	1,388,581	4	1,067,891	3
2570	Deferred income tax liabilities	6 (30)	1,361,700	4	1,349,989	4	1,177,121	4
2580	Lease liabilities – non-current		57,959	-	66,004	-	72,719	-
2640	Net defined benefit liability – non-current	6 (18)	68,453	-	82,477	-	83,805	-
2670	Other non-current liabilities		51,091	-	29,309	-	44,608	-
25XX	**Non-current liabilities**		6,337,800	20	5,841,949	17	2,446,144	7
2XXX	**Total liabilities**		20,300,445	63	21,708,001	64	20,919,520	65
	Equity attributable to owners of parent							
	Share capital	6 (20)						
3110	Common stock		2,163,994	7	2,165,100	7	2,096,826	7
	Capital surplus	6 (21)						
3200	Capital surplus		4,638,486	14	4,646,623	13	4,106,945	12
	Retained earnings	6 (22)						
3310	Legal reserve		2,265,932	7	2,152,834	6	2,006,040	6
3320	Special reserve		748,929	2	269,144	1	269,144	1
3350	Unappropriated retained earnings		2,393,689	7	3,349,676	10	2,497,624	8
	Other equity interest	6 (23)						
3400	Other equity interest		(900,928)	(2)	(969,246)	(3)	(335,667)	(1)
31XX	**Equity attributable to owners of the parent**		11,310,102	35	11,614,131	34	10,640,912	33
36XX	**Non-controlling interest**		720,932	2	540,492	2	460,420	2
3XXX	**Total equity**		12,031,034	37	12,154,623	36	11,101,332	35
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 32,331,479	100	$ 33,862,624	100	$ 32,020,852	100

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, Unaudited)

			Three months ended June 30				Six months ended June 30			
			2022		2021		2022		2021	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6 (24) and 7 (2)	$ 8,004,468	100	$ 8,168,668	100	$ 14,022,811	100	$ 15,903,460	100
5000	Operating costs	6 (6) and 7 (2)	(7,003,028)	(88)	(7,385,166)	(91)	(12,143,235)	(86)	(14,336,705)	(90)
5900	Net operating margin		1,001,440	12	783,502	9	1,879,576	14	1,566,755	10
	Operating expenses	6 (28)(29)								
6100	Selling expenses		(119,076)	(1)	(96,349)	(1)	(230,079)	(2)	(186,560)	(1)
6200	General and administrative expenses		(288,890)	(4)	(285,785)	(3)	(558,626)	(4)	(584,211)	(4)
6300	Research and development expenses		(441,907)	(6)	(461,136)	(6)	(856,749)	(6)	(931,394)	(6)
6450	Expected credit impairment gain	12 (2)	124,991	2	8,885	-	15,895	-	8,262	-
6000	Total operating expenses		(724,882)	(9)	(834,385)	(10)	(1,629,559)	(12)	(1,693,903)	(11)
6900	Operating profit (loss)		276,558	3	(50,883)	(1)	250,017	2	(127,148)	(1)
	Non-operating income and expenses									
7100	Interest income	6 (25)	11,979	-	10,056	-	22,322	-	19,394	-
7010	Other income	6 (26)	180,324	2	116,402	2	232,514	2	153,348	1
7020	Other gains and losses	6 (27)	153,632	2	23,006	-	330,450	2	(437)	-
7050	Finance costs		(20,707)	-	(18,571)	-	(41,593)	-	(35,058)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6 (9)	(42,206)	-	93,221	1	(82,389)	(1)	196,903	1
7000	Total non-operating income and expenses		283,022	4	224,114	3	461,304	3	334,150	2
7900	**Profit before income tax**		559,580	7	173,231	2	711,321	5	207,002	1
7950	Income tax expense	6 (30)	(92,428)	(1)	(24,190)	-	(93,377)	-	(4,478)	-
8200	**Profit for the period**		$ 467,152	6	$ 149,041	2	$ 617,944	5	$ 202,524	1

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, Unaudited)

	Items	Notes	Three months ended June 30				Six months ended June 30			
			2022		2021		2022		2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income, net	6 (3) (23)	($ 144,635)	(2)	($ 79,608)	(1)	($ 270,214)	(2)	($ 188,528)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6 (30)	(957)	-	70	-	(2,316)	-	(1,043)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(145,592)	(2)	(79,538)	(1)	(272,530)	(2)	(189,571)	(1)
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6 (23)	9,241	-	(79,842)	(1)	273,942	2	(125,008)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income, net	6 (23)	(2,660)	-	(337)	-	(3,931)	-	807	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method – components of other comprehensive income that will be reclassified to profit or loss	6 (23)	(58,714)	-	(40,919)	-	115,607	1	(75,746)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6 (30)	12,576	-	24,566	-	(70,344)	(1)	40,500	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(39,557)	-	(96,532)	(1)	315,274	2	(159,447)	(1)
8300	**Total other comprehensive income (loss) for the period**		($ 185,149)	(2)	($ 176,070)	(2)	$ 42,744	-	($ 349,018)	(2)
8500	**Total comprehensive(loss) for the period**		$ 282,003	4	($ 27,029)	-	$ 660,688	5	($ 146,494)	(1)
	Profit (loss), attributable to:									
8610	Owners of parent		$ 392,647	5	$ 111,217	2	$ 502,936	4	$ 132,137	1
8620	Non-controlling interest		74,505	1	37,824	-	115,008	1	70,387	-
	Total profit (loss) for the period		$ 467,152	6	$ 149,041	2	$ 617,944	5	$ 202,524	1
	Comprehensive income attributable to:									
8710	Owners of parent		$ 195,883	3	($ 69,648)	(1)	$ 509,648	4	($ 222,973)	(1)
8720	Non-controlling interest		86,120	1	42,619	1	151,040	1	76,479	-
	Total comprehensive income (loss)		$ 282,003	4	($ 27,029)	-	$ 660,688	5	($ 146,494)	(1)
	Basic earnings per share	6 (31)								
9750	Total basic earnings per share		$ 1.84		$ 0.54		$ 2.35		$ 0.64	
	Diluted earnings per share	6 (31)								
9850	Total diluted earnings per share		$ 1.66		$ 0.52		$ 2.14		$ 0.63	

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

		Equity attributable to owners of the parent								
	Notes	Share capital - common stock	Capital surplus- additional paid-in capital	Legal reserve	Special reserve	Unappropriated Retained earnings	Other equity interest	Total	Non-Controlling interest	Total equity
Six months ended June 2021										
Balance at January 1,2021		$ 2,093,332	$ 3,960,123	$ 2,006,040	$ 269,144	$ 3,433,731	$ 9,326	$ 11,771,696	$ 499,047	$ 12,270,743
Profit (loss) for the period		-	-	-	-	132,137	-	132,137	70,387	202,524
Other comprehensive income for the period		-	-	-	-	-	(355,110)	(355,110)	6,092	(349,018)
Total comprehensive income (loss) for the period		-	-	-	-	132,137	(355,110)	(222,973)	76,479	(146,494)
Appropriation and distribution of 2020 retained earnings	6 (22)									
Cash dividends		-	-	-	-	(1,068,244)	-	(1,068,244)	-	(1,068,244)
Share-based payment	6 (19)	3,494	31,036	-	-	-	10,117	44,647	-	44,647
Recognition of change in equity of associates in proportion to the Group's ownership		-	680	-	-	-	-	680	-	680
Acquired non-controlling interests in subsidiaries		-	115,106	-	-	-	-	115,106	(115,106)	-
Balance at June 30, 2021		$ 2,096,826	$ 4,106,945	$ 2,006,040	$ 269,144	$ 2,497,624	($ 335,667)	$ 10,640,912	$ 460,420	$ 11,101,332
Six months ended June 2022										
Balance at January 1,2022		$ 2,165,100	$ 4,646,623	$ 2,152,834	$ 269,144	$ 3,349,676	($ 969,246)	$ 11,614,131	$ 540,492	$ 12,154,623
Profit (loss) for the period		-	-	-	-	502,936	-	502,936	115,008	617,944
Other comprehensive income for the period		-	-	-	-	-	6,712	6,712	36,032	42,744
Total comprehensive income (loss) for the period		-	-	-	-	502,936	6,712	509,648	151,040	660,688
Appropriation and distribution of 2021 retained earnings	6 (22)									
Legal reserve		-	-	113,098	-	(113,098)	-	-	-	-
Special reserve		-	-	-	479,785	(479,785)	-	-	-	-
Cash dividends		-	-	-	-	(866,040)	-	(866,040)	-	(866,040)
Share-based payments	6 (19)	(1,106)	(13,284)	-	-	-	61,606	47,216	-	47,216
Recognition of change in equity of associates in proportion to the Group's ownership		-	5,147	-	-	-	-	5,147	-	5,147
Acquired non-controlling interests in subsidiaries		-	-	-	-	-	-	-	29,400	29,400
Balance at June 30, 2022		$ 2,163,994	$ 4,638,486	$ 2,265,932	$ 748,929	$ 2,393,689	($ 900,928)	$ 11,310,102	$ 720,932	$ 12,031,034

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars)

(Reviewed, Unaudited)

	Notes	Six months ended June 30 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 711,321	$ 207,002
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense-property, plants and equipment	6 (10)(28)	243,906	218,380
Depreciation expense - right-of-use assets	6 (11)(28)	53,520	87,016
Amortization	6 (12)(28)	74,266	64,110
Expected credit impairment gain	12 (2)	(15,895)	(8,262)
Finance costs		39,980	30,288
Interest expense-lease liability	6 (11)	1,613	4,770
Loss (gain) on financial assets or liabilities at fair value through profit or loss		(97,970)	(8,248)
Share of profit of associates and joint ventures accounted for using equity method	6 (9)	82,389	(196,903)
Compensation cost of employee restricted shares	6 (19)	47,216	44,647
Loss on disposal of property, plant and equipment	6 (27)	863	3,674
Loss on disposal of investments	6 (27)	-	5,580
Interest income	6 (25)	(22,322)	(19,394)
Dividend income	6 (26)	(2,082)	(1,096)
Deferred income of government grants		(461)	(453)
Unrealized foreign exchange gains		(82,096)	54,986)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets/liabilities mandatorily measured at fair value through profit or loss		(1,594)	(4,037)
Accounts receivable (including related parties)		3,262,791	5,134,843
Other receivables (including related parties)		(13,159)	182,328
Inventories		(8,999)	(586,990)
Other current assets		10,694	200,153
Changes in operating liabilities			
Notes payable		2	-
Accounts payable		(1,094,324)	(1,745,388)
Accounts payable – related parties		(1,397,410)	(1,851,213)
Other payables		(51,184)	(323,836)
Other payables – related parties		76,744	88,523
Contract liabilities		224,201	76,361
Refund liabilities		(23,032)	(113,081)
Other current liabilities		39,582	(18,171)
Other non-current liabilities		-	2,112
Net defined benefit liability − non-current		(14,086)	-
Cash inflow generated from operations		2,044,474	1,417,729
Interest received		16,489	12,457
Dividend received		2,082	1,096
Interest paid		(40,177)	(29,523)
Income taxes paid		(148,438)	(151,576)
Net cash inflows generated from operating activities		1,874,430	1,250,183

(Continued)

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(Reviewed, Unaudited)

	Notes	Six months ended June 30 2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets mandatorily measured at fair value through profit or loss		($ 51,487)	($ 280,000)
Acquisition of financial assets at fair value through other comprehensive income		(444)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	6 (3)	-	83,970
Decrease in financial assets at amortized cost- current		40,044	-
Increase in financial assets at amortized cost – non-current		(318,694)	(3,853)
Decrease in financial assets at amortized cost – non-current		3,853	-
Acquisition of property, plant and equipment	6 (32)	(399,575)	(531,296)
Proceeds from disposal of property, plant and equipment		3,108	43,070
Acquisition of intangible assets	6 (32)	(8,117)	(40,451)
Decrease in other non - current assets		511	1,681
(Increase) decrease in guarantee deposits paid		(4,315)	6,287
Net cash flows used in investing activities		(735,116)	(720,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6 (33)	(84,049)	2,289,280
Repayment of principal portion of lease liabilities	6 (33)	(55,371)	(105,927)
Increase in long-term borrowings		71,965	282,478
Decrease in long-term borrowings		(276,632)	-
Increase (decrease) in other non-current liabilities	6 (33)	20,511	(5,248)
Change in non-controlling interests	4 (3)	(29,400)	(364,914)
Net cash flows (used in) generated from financing activities		(352,976)	2,095,669
Effect of change in foreign currency exchange		251,721	(21,014)
Net increase in cash and cash equivalents		1,038,059	2,604,246
Cash and cash equivalents at beginning of period		4,841,969	3,046,963
Cash and cash equivalents at end of period		$ 5,880,028	$ 5,651,209

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, UNAUDITED)

1. HISTORY AND ORGANISATION

Merry Electronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 24, 1975. The Company and its subsidiaries (collectively referred here in as the "Group") are primarily engaged in manufacturing, processing, repairing, sales of electric appliance and audiovisual electric products, telecommunication equipment and apparatus electronic parts and components, computers and computing peripheral equipment, restrained telecom radio frequency equipment and medical appliances; planning, design, input as well as output of service items' equipment; production as well as marketing management consultant of service items' relevant business; and all business items that are not prohibited or restricted by law, except those that are subject to special approval. The Company's shares were listed on the Taipei Exchange since August 1998 and transferred to the Taiwan Stock Exchange starting September 2000 with approval from the competent authority. The Company merged with its subsidiaries, Huges Hi-Tech Inc. and Biotest Medical Corporation, on September 1, 2005 and October 29, 2021, respectively. The Company was the surviving company while Huges Hi-Tech Inc. and Biotest Medical Corporation were the dissolved companies.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS3 "References to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contract - Cost of Fulfilling a Contract"	January 1, 2022
Annual improvements 2018-2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 "The disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8 "The definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by International Accounting Standards Board
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

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

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business Activities	June 30, 2022	December 31, 2021	June 30, 2021	Description
MEHO	Merry Electronics (HK) Co., Ltd. (MEST)	Sales of the same products as the Company.	100.00%	100.00%	100.00%	
MEHO	Merry Electronics (Thailand) Co., Ltd. (METC)	The same main business as the Company.	99.99%	99.99%	99.99%	NOTE 1
MEHO	Merry Electronics (U.S.A.) Co., Ltd. ("MECA")	Agency selling microphone and security system manufactured by affiliates.	99.90%	99.90%	99.90%	NOTE 1
MEHO	Danny Dynamics Limited ("DDBV")	Equity investments.	100.00%	100.00%	100.00%	

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) June 30, 2022	Ownership (%) December 31, 2021	Ownership (%) June 30, 2021	Description
MEHO	Merry Electronics (Singapore) Pte. Ltd. ("MESG")	Manufacturing of other electronic components and circuit board.	100.00%	100.00%	100.00%	
MEHO	Merry Healthcare Co., LTD. (“MHKY”)	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 3
MEHO	Asian Elite International Ltd. (“MSCS”)	Manufacturing and sales of speaker and amplifier.	100.00%	100.00%	100.00%	NOTE 1, 4
MEHO	Indigo Enterprise Inc. ("INSA")	Equity investments.	100.00%	100.00%	100.00%	NOTE 4
MEHO	Biotest Medical Corporation (“BTTT”)	Manufacturing of medical device.	-	-	100.00%	NOTE 2, 6
MEHO	MERRY & LUXSHARE (VIETNAM) CO., LTD. ("MEVN")	Manufacturing of speaker system and microphone for consumer electronics used.	51.00%	51.00%	51.00%	NOTE 1
MEHO	MUtek Electronics Co., Ltd. (MUTT)	Manufacturing and application service of electrical appliances and audiovisual electronic products	51.00%	-	-	Note 1, 8
MEST	Merry Electronics (Shenzhen)Co., Ltd. ("MECL")	The same main business as the Company.	100.00%	100.00%	100.00%	
DDBV	Universal Capital Investment ("UCMU")	Equity investments.	100.00%	100.00%	100.00%	NOTE 1
DDBV	Merrytech (HK) Co., Limited ("MTHK")	Equity investments.	100.00%	100.00%	100.00%	
INSA	Sonavox Canada Inc. ("SOCV")	Develop-to-order and appearance design of speaker and amplifier.	100.00%	100.00%	100.00%	NOTE 7
SOCV	Sonavox Canada Holding. ("SOCA")	Equity investments.	-	100.00%	100.00%	NOTE 2, 7
SOCA	Seas Fabrikker ("SENM")	Manufacturing and sales of speaker monomer.	100.00%	100.00%	100.00%	NOTE 1
MHKY	Fulicare Co., Ltd. ("FUSA")	Sales of medical device.	96.01%	96.01%	97.12%	NOTE 2

Name of investor	Name of subsidiary	Main business Activities	Ownership (%) June 30, 2022	Ownership (%) December 31, 2021	Ownership (%) June 30, 2021	Description
FUSA	Fulicare Medical Instruments (Suzhou) Co., Ltd. ("FUSZ")	Sales of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Fulicare Medical Instruments (Xiamen) Co., Ltd. ("FUXM")	Manufacturing of medical device.	100.00%	100.00%	100.00%	NOTE 1
FUSA	Xiamen Etimbre Hearing Technology Co., Ltd. ("ETCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	100.00%	100.00%	100.00%	NOTE 1
FUSZ and FUSA	Austar Hearing Science And Technology (Xiamen) Co., Ltd. ("ASCX")	Research and development, manufacturing as well as sales of hearing aid, hearing device and acoustics equipment.	99.50%	99.50%	99.50%	NOTE 2
ASCX	Austar Hearing Science And Technology (Zhangzhou) Co., Ltd. ("ASCZ")	Manufacturing of hearing aid and acoustics for rehabilitation device.	-	-	100.00%	NOTE 2, 5
ASCX	Xiamen Laiyate Medical Devices Co., Ltd. ("LACX")	Research and development as well as technical sales of software functions for hearing aid.	100.00%	100.00%	100.00%	NOTE 1

Note 1: The financial statements of the entity as of and for the six months ended June 30, 2022 and 2021 were not reviewed by the independent auditors as the entity is not a significant subsidiary.

Note 2: The financial statements of the entity as of and for the six months ended June 30, 2021 were not reviewed by the independent auditors as the entity is not a significant subsidiary.

Note 3: The financial statements of the entity as of and for the six months ended June 30, 2021 were not reviewed by the independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 4: On July 1, 2018, the Group acquired 70% share interest for cash of NTD 402,072 thousand in Asian Elite International Ltd. and Indigo Group from third parties, Newood Consultancy Limited and Keen Star Holding Limited, and agreed to acquire the remaining 30% equity interest on the maturity date of the three-year period after the settlement date in accordance with the related contract. After the three-year period matured, on June 30, 2021, the Company paid USD13,200 thousand (approximately NTD364,914 thousand) to acquire the remaining 30% of the Company's shares with a carrying amount of NTD115,106 thousand (shown as investment accounted for using equity method), and holding 100% of the total shares, please refer to Note 13, Tables (8) and (9). The registration of ownership was completed on August 23, 2021 and July 5, 2021, respectively

Note 5: On July 1, 2021, the Group’s Board of Directors resolved to cancel the registration of Zhangzhou Austar-hearing Technology Co., Ltd. The registration was completed on August 31, 2021.

Note 6: On October 28, 2021, the Group merged with the subsidiary, Biotest Medical Corporation, which was resolved by the respective Board of Directors, and the Company was the surviving company, with the record date of merger on October 29, 2021. The losses on disposals of investments for the year ended December 31, 2021 amounted to NTD 8,140 thousand.

Note 7: On May 25, 2022, the subsidiaries between Sonavox Canada Inc. and Sonavox Canada Holding had a merger, which was resolved by the respective Board of Directors, and Sonavox Canada Inc. was the surviving company, with the record date of merger on May 26, 2022. The registration was completed.

Note 8: On July 30, 2020, it was proposed that a new joint venture named MUtek Electronics Co., Ltd. would be set up by the Group and Universal Global Scientific Industrial Co., Ltd., which was resolved by the Board of Directors, The Group will invest in not exceeding NTD 198,900 thousand in exchange for 51% ownership, and it is resolved that the record date of the establishment is dated May 12, 2022. The registration was completed.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group’s non-controlling interests amounted to $720,932 thousand, $540,492 thousand and $460,420 thousand, respectively. The following is the information for non-controlling interests that are material to the Group and that belong to the Group’s subsidiaries:

		Non-controlling interests					
	Principal	June 30, 2022		December 31, 2021		June 30, 2021	
Name of subsidiary	place of business	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio
MEVN	Vietnam	$ 659,039	49%	$ 505,236	49%	$ 432,320	49%

The summarized financial information of the subsidiary is as follows:

Balance sheet

	MEVN		
	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	$ 1,770,652	$ 1,421,722	$ 1,338,559
Non-current assets	1,170,240	1,066,965	1,173,067
Current liabilities	(1,338,895)	(1,234,600)	(1,332,378)
Non-current liabilities	(257,019)	(222,994)	(296,962)
Total net assets	$ 1,344,978	$ 1,031,093	$ 882,286

Statement of comprehensive income

	MEVN	
	Three months ended June 30	
	2022	2021
Revenue	$ 1,299,384	$ 685,632
Profit before income tax	156,640	73,479
Income tax benefit	-	254
Profit for the period from continuing operations	156,640	73,733
Loss from discontinued operations	-	-
Profit for the period	156,640	73,733
Other comprehensive income (net of tax)	-	-
Total comprehensive income	$ 156,640	$ 73,733
Comprehensive income attributable to non-controlling interests	$ 76,754	$ 36,129
Dividend paid to non-controlling interests	$ -	$ -

	Six months ended June 30	
	2022	2021
Revenue	$ 2,223,765	$ 1,459,007
Profit before income tax	242,170	156,183
Income tax expense	-	(3,046)
Profit for the period from continuing operations	242,170	153,137
Loss from discontinued operations	-	-
Profit for the period	242,170	153,137
Other comprehensive income (net of tax)	-	-
Total comprehensive income	$ 242,170	$ 153,137
Comprehensive income attributable to non-controlling interests	$ 117,023	$ 75,037
Dividend paid to non-controlling interests	$ -	$ -

Statement of cash flows

	MEVN	
	Six months ended June 30	
	2022	2021
Net cash outflows used in operating activities	($ 94,335)	($ 165,948)
Net cash outflows used in investing activities	(194,269)	(173,064)
Net cash inflows generated from financing activities	164,645	263,692
Effect of change in foreign currency exchange	2,589	(6,509)
Net increase in cash and cash equivalents	(121,370)	(81,829)
Cash and cash equivalents at beginning of period	141,199	175,361
Cash and cash equivalents at end of period	$ 19,829	$ 93,532

(4) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or presumed obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured with the expenditures at the present value on the balance sheet date using the best estimate to settle the obligation. The discount rate used is the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as finance cost. The future operating loss is not permitted to be provisions.

(5) Employee benefits

Pensions

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

(6) Income tax

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

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and revolving funds	$ 1,129	$ 1,084	$ 1,193
Checking accounts and demand deposits	5,139,639	4,820,098	5,363,410
Time deposits	20,925	20,787	216,606
Short-term securities	718,335	-	70,000
	$ 5,880,028	$ 4,841,969	$ 5,651,209

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

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

C. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group's time deposits with maturity over 3 months had been classified as financial assets measured at amortized cost. Please refer to Note 6 (4).

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

Items	June 30,2022	December 31, 2021	June 30, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
-Funds	$ 100,000	$ 50,000	$ 50,000
- forward exchange contract	118,708	1,247	10,230
-Call options of convertible bonds	-	600	-
-Stock	-	179	-
-Bonds	280,000	280,000	280,000
Valuation adjustment	3,857	6,974	5,517
Total	$ 502,565	$ 339,000	$ 345,747
Non-current items:			
Funds	$ 29,350	$ 27,863	$ 26,468
Valuation adjustment	(1,970)	(2,468)	-
	$ 27,380	$ 25,395	$ 26,468

Items	June 30,2022	December 31, 2021	June 30, 2021
Current items:			
Financial liabilities held for trading-forward exchange contract	$ 17,519	$ 3,020	$ 5,342

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

	Three months ended June 30	
	2022	2021
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 53,281	$ 23,364

	Six months ended June 30	
	2022	2021
Net gains on financial assets (liabilities) at fair value through profit or loss	$ 87,738	$ 53,641

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

	June 30, 2022		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract price
Forward foreign exchange contract to sell	USD 47,500 thousand	2022/03/15~ 2022/10/17	NTD 28.430~29.678
Forward foreign exchange contract to buy	USD 98,500 thousand	2021/11/02~ 2022/12/28	NTD 27.557~29.540

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

	June 30, 2021		
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)
Forward foreign exchange contract to sell	USD 11,800 thousand	2021/05/31~ 2021/07/26	NTD27.500~27.637
Forward foreign exchange contract to buy	USD 30,800 thousand	2021/05/31~ 2021/10/04	NTD27.240~27.985

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

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

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

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

Items		June 30, 2022		December 31, 2021		June 30, 2021
Current items:						
Equity instruments						
Stocks	$	106,080	$	106,080	$	106,080
Valuation adjustment						
-through other comprehensive income		2,745		4,615		3,872
Sub-total		108,825		110,695		109,952
Total	$	108,825	$	110,695	$	109,952

Items		June 30, 2022		December 31, 2021		June 30, 2021
Non-current items:						
Debt instruments						
Bonds	$	144,625	$	144,625	$	144,625
Valuation adjustment						
-through profit or loss		3,975	(	6,225)	(	5,325)
-through other comprehensive income	(	990)		2,941		5,027
Sub-total		147,610		141,341		144,327
Equity instruments						
Listed stocks	$	936,494	$	936,494	$	748,154
Unlisted stocks		79,690		78,143		73,523
Sub-total		1,016,184		1,014,637		821,677
Valuation adjustment						
-through other comprehensive income		(409,785)		(145,687)		414,363
Sub-total		606,399		868,950		1,236,040
Total	$	754,009	$	1,010,291	$	1,380,367

A. The Group has elected to classify equity and debt investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $862,834 thousand, $1,120,986 thousand and $1,490,319 thousand as on June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

B. During the six months ended June 30, 2021, the Group repurchased bond investments at fair value of $83,970 thousand due to the maturity of bonds and resulted in cumulative losses on disposal amounting to $5,580 thousand (shown as other gains and losses).

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

	Three months ended June 30	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 144,635)	($ 79,608)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ 5,475	$ 570
Fair value change recognized in other comprehensive income	($ 2,660)	($ 5,917)
Cumulative other comprehensive (loss) income reclassified to profit or loss		
Reclassified due to derecognition	$ -	$ 5,580
Interest income recognized in profit or loss	$ 1,421	$ 1,501

	Six months ended June 30	
	2022	2021
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	($ 270,214)	($ 188,528)
Debt instruments at fair value through other comprehensive income		
Fair value change recognized through profit or loss	$ 10,200	$ 1,010
Fair value change recognized in other comprehensive income	($ 3,931)	($ 4,773)
Cumulative other comprehensive (loss) income reclassified to profit or loss		
Reclassified due to derecognition	$ -	$ 5,580
Interest income recognized in profit or loss	$ 2,783	$ 3,149

D. As on June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $862,834 thousand, $1,120,986 thousand and $1,490,319 thousand, respectively.

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

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

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

(4) Financial assets measured at amortized cost

Items	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Time deposits with the maturity date over 3 months	$ 1,055,142	$ 1,029,073	$ 835,800
Pledged time deposits	-	-	16,053
Total	$ 1,055,142	$ 1,029,073	$ 851,853
Non-current items:			
Time deposits with the maturity date over 3 months	$ 319,608	$ -	$ -
Pledged time deposits	-	3,853	-
Total	$ 319,608	$ 3,853	$ -

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

	Three months ended June 30	
	2022	2021
Interest income	$ 4,185	$ 3,413

	Six months ended June 30	
	2022	2021
Interest income	$ 6,898	$ 7,061

B. As on June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets measured at amortized cost held by the Group was $1,374,750 thousand, $1,032,926 thousand and $851,853 thousand, respectively.

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

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

(5) Accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable	$ 6,199,624	$ 9,400,544	$ 7,491,287
Less: Allowance for doubtful accounts	(18,895)	(35,425)	(20,147)
	$ 6,180,729	$ 9,365,119	$ 7,471,140

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

	June 30, 2022	December 31, 2021	June 30, 2021
Not past due	$ 6,090,341	$ 9,115,474	$ 7,238,657
Up to 30 days	90,843	159,214	149,113
31 to 90 days	5,363	112,412	92,676
91 to 180 days	3,256	1,445	2,831
Over 180 days	9,821	11,999	8,010
	$ 6,199,624	$ 9,400,544	$ 7,491,287

The above aging analysis was based on past due date.

B. As of June 30, 2022, December 31, 2021, June 30, 2021, and January 1, 2021, the balances of receivables from contracts with customers amounted to $6,180,729 thousand, $9,365,119 thousand, $7,471,140 thousand and $12,441,418 thousand, respectively.

C. The Group insured against its accounts receivable since December, 2020, which the insured amount has been reviewed and granted by the insurance company. If bad debts occur, the insurance company will settle the claim up to 90% of the insured amount. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of insured accounts receivable amounted to $5,085,972 thousand, $9,116,623 thousand and $5,622,391 thousand, respectively.

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

E. The Group entered into a factoring agreement which has no right of recourse with ING BANK N.V., TAIPEI BRANCH and Bank of America on July 19, 2021 and October 2, 2019, respectively. As of June 30, 2022, December 31, 2021 and June 30, 2021, there were no accounts receivable that were outstanding and expected to be transferred (reclassified as financial assets at fair value through other comprehensive income). Please refer to Note 6 (6) for information on transfer of financial assets.

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

(6) Transfer of financial assets

A. Transferred financial assets that are derecognized in their entirety

None for June 30, 2022, December 31, 2021 and June 30, 2021.

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

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

ii. As of June 30, 2022, December 31, 2021 and June 30, 2021, the related information of the transferred accounts receivable sold that the Group continuously recognized to the extent of continuing involvement were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Total carrying amount of the original assets before transferring	$ 1,138,708	$ 1,572,403	$ -
Carrying amount of the assets continuously recognized	113,871	157,240	-

(7) Inventories

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,106,466	($ 98,169)	$ 2,008,297
Work in progress	897,710	(10,979)	886,731
Finished goods	2,443,396	(86,671)	2,356,725
	$ 5,447,572	($ 195,819)	$ 5,251,753

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

	June 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,063,538	($ 89,858)	$ 1,973,680
Work in progress	614,581	(7,952)	606,629
Finished goods	1,812,650	(70,570)	1,742,080
	$ 4,490,769	($ 168,380)	$ 4,322,389

The cost of inventories recognized as expense for the period:

	Three months ended June 30	
	2022	2021
Cost of goods sold	$ 6,946,168	$ 7,412,489
Loss on scrapping inventory	89,185	9,677
Gain on reversal of loss on slow-moving inventories and decline in market value	(32,277)	(37,017)
Loss (gain) on physical inventory	(48)	17
	$ 7,003,028	$ 7,385,166

	Six months ended June 30	
	2022	2021
Cost of goods sold	$ 12,060,072	$ 14,261,386
Loss on scrapping inventory	112,458	20,351
(Gain on reversal of) loss on slow-moving inventories and decline in market value	(29,247)	55,073
Gain on physical inventory	(48)	(105)
	$ 12,143,235	$ 14,336,705

The Group reversed a previous inventory write-down because of the sale of certain written-down inventories by the Group for the three months and six months ended June 30, 2022 and for the three months ended June 30, 2021.

(8) Other current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Tax refund receivable (including input tax)	$ 225,075	$ 244,568	$ 280,616
Prepayment for purchases	12,215	9,545	11,446
Contract assets	-	-	86,590
Others	122,151	98,774	123,518
	$ 359,441	$ 352,887	$ 502,170

(9) Investments accounted for using the equity method

	Six months ended June 30	
	2022	2021
At January 1	$ 4,699,769	$ 4,479,708
Share of profit or loss of investments accounted for using the equity method	(82,389)	196,903
Changes in other equity items	115,607	(75,746)
Credit balance of investments accounted for using the equity method transferred to non-current liabilities	40	(12)
At June 30	$ 4,733,027	$ 4,600,853

A. Details are as follows：

	June 30, 2022	December 31, 2021	June 30, 2021
Associates with significant influence			
Merry Electronics (Suzhou) Co., Ltd. (MECE)	$ 3,107,182	$ 3,172,561	$ 3,176,288
Associates with insignificant influence			
Merry Electronics (Huizhou) Co., Ltd. (MECH)	1,195,294	1,107,434	1,005,522
Guangdong Luxshare & Merry Electronics Co., Ltd. (MEDG)	389,328	377,046	371,376
Leohab Enterprise Co., Ltd. (LEOHAB)	41,223	42,728	47,667
Merry Electronics (Shanghai)Co., Ltd. (MECS)	(1,099)	(1,059)	(1,058)
Subtotal	4,731,928	4,698,710	4,599,795
Add: Credit balance of investments accounted for using the equity method transferred to non-current liabilities	1,099	1,059	1,058
	$ 4,733,027	$ 4,699,769	$ 4,600,853

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

Investee	Three months ended June 30 2022	2021
MECE	($ 92,377)	$ 43,917
MECH	48,149	48,478
MEDG	3,103	297
LEOHAB	(1,081)	529
	($ 42,206)	$ 93,221

Investee	Six months ended June 30 2022	2021
MECE	($ 145,623)	$ 80,437
MECH	62,503	109,905
MEDG	4,026	4,366
LEOHAB	(3,296)	2,202
MECS	1	(7)
	($ 82,389)	$ 196,903

C. Associates

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

Company name	Principal place of business	Shareholding ratio June 30, 2022	December 31, 2021	June 30, 2021	Nature of relationship	Method of measurement
MECE	Mainland of China	49.00%	49.00%	49.00%	Holding more than 20% of voting right	Equity method

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

Balance sheet

	MERRY ELECTRONICS (SUZHOU) CO., LTD. June 30, 2022	December 31, 2021	June 30, 2021
Current assets	$ 3,762,829	$ 4,500,794	$ 3,383,700
Non-current assets	6,150,584	6,007,307	5,971,278
Current liabilities	(3,421,243)	(3,860,498)	(2,746,586)
Non-current liabilities	(60,736)	(55,549)	(39,632)
Total net assets	$ 6,431,434	$ 6,592,054	$ 6,568,760
Share in associate’s net assets	$ 3,151,403	$ 3,230,106	$ 3,218,692
Realized (unrealized) gain or loss from upstream and side stream transactions	(44,221)	(57,545)	(42,404)
Carrying amount of the associate	$ 3,107,182	$ 3,172,561	$ 3,176,288

Statement of comprehensive income

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Three months ended June 30	
	2022	2021
Revenue	$ 1,547,698	$ 2,093,050
Profit (loss) for the period from continuing operations	($ 130,806)	$ 29,780
Total comprehensive income (loss)	($ 130,806)	$ 29,780

	MERRY ELECTRONICS (SUZHOU) CO., LTD.	
	Six months ended June 30	
	2022	2021
Revenue	$ 2,963,635	$ 4,442,188
Profit (loss) for the period from continuing operations	($ 324,381)	$ 110,521
Total comprehensive income (loss)	($ 324,381)	$ 110,521

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

	Three months ended June 30	
	2022	2021
Share of profit of associates and joint ventures accounted for using the equity method	$ 50,171	$ 49,304
Other comprehensive income (loss), net of tax	(15,877)	(11,536)
Total comprehensive income	$ 34,294	$ 37,768

	Six months ended June 30	
	2022	2021
Share of profit of associates and joint ventures accounted for using the equity method	$ 63,234	$ 116,466
Other comprehensive income (loss), net of tax	28,650	(21,062)
Total comprehensive income	$ 91,884	$ 95,404

(10) Property, plant and equipment

	Six months ended June 30, 2022					
Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 790,477	$ -	$ -	$ -	$ 451	$ 790,928
Land improvements	543	-	-	-	8	551
Buildings and structures	1,484,904	2,015	(10,692)	71,265	43,906	1,591,398
Machinery	2,785,124	48,259	(11,634)	15,018	87,304	2,924,071
Transportation equipment	21,063	766	-	-	372	22,201
Office equipment	276,950	6,787	(11,412)	220	5,464	278,009
Others	241,388	11,478	(2,356)	-	6,461	256,971
Unfinished construction	208,125	118,108	(1,127)	(59,286)	961	266,781
Total	5,808,574	187,413	(37,221)	27,217	144,927	6,130,910
Accumulated depreciation						
Land	$ -	$ -	$ -	$ -	$ -	$ -
Land improvements	(543)	-	-	-	(8)	(551)
Buildings and structures	(508,737)	(37,247)	10,692	-	(10,840)	(546,132)
Machinery	(1,031,903)	(174,299)	10,320	-	(25,669)	(1,221,551)
Transportation equipment	(14,329)	(930)	-	-	(253)	(15,512)
Office equipment	(189,640)	(15,894)	11,349	-	(3,688)	(197,873)
Others	(112,419)	(15,536)	889	-	(2,491)	(129,557)
Total	(1,857,571)	(243,906)	33,250	-	(42,949)	(2,111,176)
	$ 3,951,003					$ 4,019,734

Six months ended June 30, 2021						
Cost	Opening balance	Additions	Reductions	Transfers	Effect of foreign currency exchange difference	Ending balance
Land	$ 794,952	$ -	$ -	$ -	($ 3,006)	$ 791,946
Land improvements	621	-	-	-	(53)	568
Buildings and structures	1,284,577	1,869	-	34,251	(29,424)	1,291,273
Machinery	2,366,092	457,050	(72,423)	204	(30,184)	2,720,739
Transportation equipment	30,451	250	(9,021)	-	(374)	21,306
Office equipment	279,929	12,900	(5,944)	-	(5,126)	281,759
Others	247,668	42,499	(8,875)	2,524	(3,079)	280,737
Unfinished construction	272,471	79,604	-	(36,979)	(22)	315,074
Total	5,276,761	594,172	(96,263)	-	(71,268)	5,703,402
Accumulated depreciation						
Land improvements	($ 621)	$ -	$ -	$ -	$ 53	($ 568)
Buildings and structures	(467,206)	(33,072)	-	-	12,310	(487,968)
Machinery	(811,707)	(148,068)	36,206	-	17,636	(905,933)
Transportation equipment	(20,392)	(1,743)	7,120	-	263	(14,752)
Office equipment	(171,656)	(16,135)	2,979	-	3,034	(181,778)
Others	(110,441)	(19,362)	3,214	-	1,634	(124,955)
Total	(1,582,023)	(218,380)	49,519	-	34,930	($ 1,715,954)
	$ 3,694,738					$ 3,987,448

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

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

(11) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 1 to 45 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The short-term leased premises of the Group are the office and dormitory.

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

	June 30, 2022	December 31, 2021	June 30, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	$ 87,757	$ 85,403	$ 90,232
Buildings and structures	86,264	108,327	182,619
Machinery and equipment	3,009	3,851	5,053
Transportation equipment	1,751	2,538	2,040
Office equipment	46	105	113
Other equipment	-	-	91
	$ 178,827	$ 200,224	$ 280,148

	Three months ended June 30	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 1,223	$ 1,155
Buildings and structures	22,354	40,244
Machinery and equipment	342	376
Transportation equipment	391	305
Office equipment	33	54
Other equipment	-	46
	$ 24,343	$ 42,180

	Six months ended June 30	
	2022	2021
	Depreciation charge	Depreciation charge
Land	$ 2,436	$ 2,375
Buildings and structures	49,504	83,054
Machinery and equipment	711	756
Transportation equipment	788	658
Office equipment	81	107
Other equipment	-	66
	$ 53,520	$ 87,016

D. For the three months and six months ended June 30, 2022 and 2021, the additions to right-ofuse assets were $26,405 thousand, $23,409 thousand, $31,121 thousand and $30,824 thousand, respectively.

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

	Three months ended June 30	
Items affecting profit or loss	2022	2021
Interest expense on lease liabilities	$ 683	$ 2,108

	Six months ended June 30	
Items affecting profit or loss	2022	2021
Interest expense on lease liabilities	$ 1,613	$ 4,770

For the three and six months ended June 30, 2022 and 2021, the Group's total cash outflow for leases were $29,523 thousand, $60,479 thousand, $56,984 thousand and $110,697 thousand, respectively..

(Remainder of page intentionally left blank)

(12) Intangible assets

	Six months ended June 30, 2022				
Cost	Opening balance	Additions	Reductions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 931,678	$ -	$ -	$ -	$ 931,678
Computer software	590,844	6,624	-	1,137	598,605
Customer relationship	326,550	-	-	-	326,550
Trademarks	61,481	-	-	-	61,481
Know-how	115,748	-	-	-	115,748
Others	38,093	913	-	191	39,197
Total	2,064,394	$ 7,537	$ -	$ 1,328	2,073,259
Accumulated amortization					
Computer software	($ 406,530)	($ 35,472)	$ -	($ 592)	($ 442,594)
Customer relationship	(153,503)	(22,033)	-	-	(175,536)
Trademarks	(18,885)	(2,759)	-	-	(21,644)
Know-how	(81,024)	(11,575)	-	-	(92,599)
Others	(28,273)	(2,427)	-	(65)	(30,765)
Total	($ 688,215)	($ 74,266)	$ -	($ 657)	(763,138)
	$ 1,376,179				$ 1,310,121

	Six months ended June 30, 2021				
Cost	Opening balance	Additions	Reductions	Effect of foreign currency exchange difference	Ending balance
Goodwill	$ 937,379	$ -	$ -	$ -	$ 937,379
Computer software	500,570	26,623	(1,613)	(270)	525,310
Customer relationship	326,550	-	-	-	326,550
Trademarks	61,481	-	-	-	61,481
Know-how	115,748	-	-	-	115,748
Others	41,805	1,040	-	18	42,863
Total	1,983,533	$ 27,663	($ 1,613)	($ 252)	2,009,331
Accumulated amortization					
Computer software	($ 356,307)	($ 24,295)	$ 344	($ 213)	($ 380,471)
Customer relationship	(109,439)	(22,032)	-	-	(131,471)
Trademarks	(13,367)	(2,759)	-	-	(16,126)
Know-how	(57,874)	(11,575)	-	-	(69,449)
Others	(28,456)	(3,449)	-	(4)	(31,909)
Total	($ 565,443)	($ 64,110)	$ 344	($ 217)	($ 629,426)
	$ 1,418,090				$ 1,379,905

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

	Three months ended June 30	
	2022	2021
Operating costs	$ 1,843	$ 1,425
Selling expenses	3,118	3,187
Administrative expenses	21,064	15,815
Research and development expenses	11,020	10,960
	$ 37,045	$ 31,387

	Six months ended June 30	
	2022	2021
Operating costs	$ 4,954	$ 4,842
Selling expenses	6,396	6,234
Administrative expenses	41,048	32,239
Research and development expenses	21,868	20,795
	$ 74,266	$ 64,110

B. As of June 30, 2022, the Group merged with Huges Hi-Tech Inc. on September 1, 2005. Thus, the transaction generated goodwill in the amount of $139,735 thousand. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

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

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking blue tooth orders, it expects 10% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 1.48% used was pre-tax and reflected specific risks relating to the relevant operating segments.

C. As of June 30, 2022, the goodwill arose from acquiring Asian Elite International Ltd. and Indigo Enterprise Inc. amounting to $581,644 thousand due to the benefits from production technology and market channel such as smart speakers of the companies that are expected to be merged. The goodwill from business combination shall be tested annually at least for impairment in accordance with IAS 36.

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

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

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 17.35% used was pre-tax and reflected specific risks relating to the relevant operating segments.

D. As of June 30, 2022, the goodwill arose from acquiring Austar Hearing Science and Technology (Xiamen) Co. , Ltd. amounting to $210,299 thousand due to the benefits from production technology and market channel such as hearing-aids of the company that are expected to be merged. The goodwill from business combination shall be tested for impairment at least annually in accordance with IAS 36.

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

The cash flow projections are based on financial budgets approved by the management covering a five-year period. As the Company is committed to developing and taking hearing-aids orders, it expects 3%-18.33% year-on-year growth in sales through the launching of new products and improving its technologies during this period.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rate used is consistent with the projection included in industry reports. The discount rate of 16.06% used was pre-tax and reflected specific risks relating to the relevant operating segments.

E. The Group has no intangible assets pledged to others as collateral.

(13) Other non-current assets

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments for property, plant and equipment (including intangible asset)	$ 163,158	$ 118,448	$ 155,266
Refundable deposits	66,272	60,953	64,523
Others	30,237	28,417	75,971
	$ 259,667	$ 207,818	$ 295,760

(14) Short-term borrowings

Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,726,069	0.00%~5.10%	None

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 3,738,289	0.00%~4.00%	None

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings			
Credit loan	$ 5,477,130	0.00%~4.00%	None

A. Interest expense recognized in profit or loss amounted to $9,982 thousand, $6,595 thousand, $18,317 thousand and $12,358 thousand for the three months and six months ended June 30, 2022 and 2021, respectively.

B. The Group provided endorsements and guarantees for the credit loans as of June 30, 2022, December 31, 2021 and June 30, 2021.

(15) Other payables

	June 30, 2022	December 31, 2021	June 30, 2021
Dividend payable	$ 866,040	$ -	$ 1,068,244
Payroll and bonus payable	331,332	403,284	349,240
Employee compensation payable	94,420	99,764	70,697
Payables on equipment (Including intangible assets)	59,716	200,531	444,368
Directors’ remuneration payable	35,654	21,976	28,873
Others	440,660	416,948	465,611
	$ 1,827,822	$ 1,142,503	$ 2,427,033

(16) Bonds payable

	June 30, 2022	December 31, 2021	June 30, 2021
Bonds payable	$ 3,000,000	$ 3,000,000	$ 2,231,900
Less: Discount on bonds payable	(60,436)	(74,411)	(13,525)
Sub-total	2,939,564	2,925,589	2,218,375
Less: Expiring within one year	-	-	(2,218,375)
	$ 2,939,564	$ 2,925,589	$ -

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

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

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

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

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of June 30, 2021, the conversion price of convertible bonds was $132.8 per share.

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

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

(b) As of June 30, 2021, the bonds amounting to $768,100 thousand (face value) had been converted into 5,299 thousand shares of common stock. After the issuance of the convertible bonds, if the number of common shares increases, the Company shall adjust the conversion price to $132.8 per share in line with the formula of the issuance article.

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

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

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

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

iii. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. As of June 30, 2022, the conversion price of convertible bonds was $116.3 per share.

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

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

(b) As of June 30, 2022, the face value of bonds had not been converted into shares of common stock.

C. Regarding the issuance of convertible bonds, the equity conversion options amounting to $96,857 thousand were separated from the liability component and were recognized in 'capital surplus - share options' in accordance with IAS 32 as of June 30, 2022. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2022
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2)	0.43%~0.77%	None	$ 295,556
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.73%~2.40%	None	1,073,578
				1,369,134
Less: Expiring within one year or one operating cycle				(247,501)
				$ 1,121,633

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022 (Note 1, 2)	0.30%~0.93%	None	$ 520,000
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.35%~1.20%	None	1,038,655
				1,558,655
Less: Expiring within one year or one operating cycle				(170,074)
				$ 1,388,581

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings				
Credit loan	Borrowing period is from 2020/2/20 to 2025/2/20; interest is repayable monthly; principal is repayable starting from 2022	0.30%~0.40%	None	$ 320,000
Credit loan	Borrowing period is from 2020/2/20 to 2027/2/19; interest is repayable monthly; principal is repayable starting from 2022	0.35%~1.20%	None	780,670
				1,100,670
Less: Expiring within one year or one operating cycle				(32,779)
				$ 1,067,891

The interest expense recognized in profit or loss for the three months and six months ended June 30, 2022 and 2021 amounted to $3,009 thousand, $2,400 thousand, $5,790 thousand and $3,356 thousand, respectively.

Note 1: In November 2019, the Company entered into a long-term loan contract with Taipei Fubon Bank for the total amount of $375,556 thousand. As of June 30, 2022, the drawn amount was $195,556 thousand.

Aforementioned contract conditions:

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

(a) Current ratio shall not be lower than 100%;
(b) Debt ratio shall not be higher than 200%;
(c) Interest coverage ratio shall not be lower than 10;
(d) Tangible assets shall not be lower than $8 billion.

Note 2: In February 2020, the Company entered into a long-term loan contract with JIHSUN BANK for the total amount of $300,000 thousand. As of June 30, 2022, the drawn amount was $100,000 thousand.

Aforementioned contract conditions:

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

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

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

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

(18) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 5.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The Company also contributes monthly an amount equal to 8% of managers' monthly salaries to the retirement fund. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The above pension costs of the Group for the three months and six months ended June 30, 2022 and 2021 were $245 thousand, $170 thousand, $490 thousand and $340 thousand, respectively.

(c) The Company expects to pay contribution for pension plan amounting to $6,674 thousand in 2023.

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

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

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

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

(e) The subsidiary, MEST, in Hong Kong is subject to related local regulation, which is required to enroll in mandatory provident fund schemes for employees and contribute a statutory percentage of the employees' monthly salaries and wages to the employees' pension funds, and to pay it to the competent authority. Other than the monthly contributions, the Group has no further obligations.

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

(g) The above pension costs of the Group for the three months and six months ended June 30, 2022 and 2021 were $38,036 thousand, $35,389 thousand, $75,058 thousand and $72,116 thousand, respectively.

(19) Share-based payment

A. For the six months ended June 30, 2022 and 2021, the Group's share-based payment arrangements were as follows:

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

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

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

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

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

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

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

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

(a) The second restricted stocks to employees in 2016

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ 10	4	$ 10
Restricted stocks vested	-	10	(4)	10
At June 30	-	10	-	10

(b) The first restricted stocks to employees in 2017

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ -	1	$ -
Restricted stocks vested	-	-	(1)	-
At June 30	-	-	-	-

(c) The second restricted stocks to employees in 2017

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	-	$ -	318	$ -
Restricted stocks vested	-	-	(5)	-
Restricted stocks retired	-	-	(17)	-
At June 30	-	-	296	-

(d) The first restricted stocks to employees in 2019

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	284	$ -	545	$ -
Restricted stocks retired	(19)	-	(29)	-
At June 30	265	-	516	-

(e) The second restricted stocks to employees in 2019

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	244	$ -	382	$ -
Restricted stocks retired	(24)	-	(20)	-
At June 30	220	-	362	-

(f) The first restricted stocks to employees in 2020

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	416	$ -	-	$ -
Restricted stocks granted	-	-	416	-
At June 30	416	-	416	-

(g) The second restricted stocks to employees in 2020

	2022		2021	
	No. of share (in thousands)	Weighted-average exercise price (in dollars)	No. of share (in thousands)	Weighted-average exercise price (in dollars)
At January 1	1,473	$ -	-	$ -
Restricted stocks retired	(68)	-	-	-
At June 30	1,405	-	-	-

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

Type of arrangement	Grand date	Stock price	Exercise price	Fair value per unit
The 2nd restricted stocks to employees in 2016	2017/06/16	187.0	10.0	177.0
The 1st restricted stocks to employees in 2017	2017/12/29	194.5	0	194.5

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

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

	Three months ended June 30	
	2022	2021
Equity-settled	$ 23,076	$ 23,974

	Six months ended June 30	
	2022	2021
Equity-settled	$ 47,216	$ 44,647

(20) Share capital

A. As of June 30, 2022, the Company's authorized capital was $4,000,000 thousand, consisting of 400,000 thousand shares of ordinary stock (including 5,000 thousand shares reserved for employee stock options), and the paid-in capital was $2,164,702 thousand with a par value of $10 (in dollars) per share.

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

	2022	2021
At January 1	216,510	209,333
Employee restricted shares retired	(111)	(66)
Employee restricted shares granted	-	416
At June 30	216,399	209,683

(a) The Company retired 66 thousand employee restricted shares as resolved at the meeting of the Board of Directors on April 29, 2021 and July 29, 2021 with the capital reduction effective date set on May 3, 2021. The capital reduction through retirement of employee restricted shares was completed.

(b) On April 30, 2020, the Board of Directors of the Company resolved to issue employee restricted shares. The issuance was approved by the Competent Authority on September 29, 2020. The Company issued 2,000 thousand common shares with the effective date set on May 31, 2021 and July 30, 2021. The subscription price is $0 per share and the common shares are issued in batch amounting to 416 thousand shares and 1,504 thousand shares, respectively. The registration was completed on June 16, 2021 and August 25, 2021, respectively. The employee restricted shares issued are subject to certain transfer restrictions before their vesting conditions are qualified. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(c) The Company retired 40 thousand employee restricted shares as resolved at the meeting of the Board of Directors on April 28, 2022 with the capital reduction effective date set on May 6, 2022. The capital reduction through retirement of employee restricted shares was completed.

(d) The Company retired 71 thousand employee restricted shares as resolved at the meeting of the Board of Directors on July 28, 2022 with the capital reduction effective date set on July 28, 2022. The registration was still in progress.

(21) Capital surplus

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

	2022				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 4,035,505	$ 96,857	$ 267,825	$ 246,436	$ 4,646,623
Restricted stocks retired	-	-	(13,284)	-	(13,284)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	5,147	5,147
At June 30	$ 4,035,505	$ 96,857	$ 254,541	$ 251,583	$ 4,638,486

	2021				
	Share premium	Share option	Employee restricted stocks	Others	Total
At January 1	$ 3,665,902	$ 99,191	$ 170,825	$ 24,205	$ 3,960,123
Restricted stocks issued	-	-	40,560	-	40,560
Restricted stocks vested	(6,711)	-	6,711	-	-
Restricted stocks retired	-	-	(9,524)	-	(9,524)
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	680	680
Acquisition of non-controlling interests in Subsidiary	-	-	-	115,106	115,106
At June 30	$ 3,659,191	$ 99,191	$ 208,572	$ 139,991	$ 4,106,945

(22) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, after deduction of mandatory income tax, shall first be used to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. After the provision or reversal of special reserve, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders. According to the dividend policy adopted by the Board of Directors, 30% to 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends should take priority over other means of appropriation, while stock dividends are also the option for earnings appropriation. In terms of the way of earnings appropriation, the percentage of earnings appropriated in cash shall not be lower than 30% of total dividends. The Board of Directors may fully or partially appropriate dividends and bonuses in the form of cash by a resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders. Situations other than that shall be approved by the shareholders at their meeting.

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

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

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. In Accordance with Ruling No.1010051600 issued by Securities and Futures Bureau of the FSC on November 21, 2012, "unearned employee compensation" under employee restricted stock is not an unrealized item, and therefore is not required to set aside the special reserve. As of June 30, 2022, the special reserve set aside based on the above regulation amounted to $479,785 thousand.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate- 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of June 30, 2022, the balance of special reserve as aforementioned was $269,144 thousand.

(c) As of June 30, 2022, December 31, 2021 and June 30, 2021, the balance of special reserve was $748,929 thousand, $269,144 thousand and $269,144 thousand.

E. The Company distributed cash dividends amounting to $4 (in dollars) per share and $5.16 (in dollars) per share as resolved at the shareholders' meeting on June 15, 2022 and July 21, 2021. The abovementioned distribution of earnings for the years ended December 31, 2021 and 2020 was in agreement with those amounts proposed by the Board of Directors on February 24, 2022 and February 25, 2021.

(Remainder of page intentionally left blank)

(23) Other equity items

2022	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 605,572)	$ 2,941	($ 146,299)	($ 220,316)	($ 969,246)
Amortization of employee restricted stocks	-	-	-	47,216	47,216
Restricted stocks retired	-	-	-	14,390	14,390
Revaluation – gross	-	(3,931)	(270,214)	-	(274,145)
Revaluation – tax	-	-	(2,316)	-	(2,316)
Currency translation differences:					
-Group	237,910	-	-	-	237,910
-Tax on Group	(47,581)	-	-	-	(47,581)
-Associates	115,607	-	-	-	115,607
-Tax on associates	(22,763)	-	-	-	(22,763)
At June 30	($ 322,399)	($ 990)	($ 418,829)	($ 158,710)	($ 900,928)

2021	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) from investments in debt instruments measured at fair value through other comprehensive income	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	Cost of unearned employee compensation	Total
At January 1	($ 438,569)	$ 4,220	$ 601,816	($ 158,141)	$ 9,326
Restricted stocks issued	-	-	-	(44,720)	(44,720)
Amortization of employee restricted stocks	-	-	-	44,647	44,647
Restricted stocks retired	-	-	-	10,190	10,190
Revaluation – gross	-	(4,773)	(188,528)	-	(193,301)
Revaluation – tax	-	-	(1,043)	-	(1,043)
Revaluation transferred to profit or loss – gross	-	5,580	-	-	5,580
Currency translation differences:					
-Group	(131,100)	-	-	-	(131,100)
-Tax on Group	26,220	-	-	-	26,220
-Associates	(75,746)	-	-	-	(75,746)
-Tax on associates	14,280	-	-	-	14,280
At June 30	($ 604,915)	$ 5,027	$ 412,245	($ 148,024)	($ 335,667)

(24) Operating revenue

	Three months ended June 30	
	2022	2021
Revenue from contracts with customers	$ 8,004,468	$ 8,168,668

	Six months ended June 30	
	2022	2021
Revenue from contracts with customers	$ 14,022,811	$ 15,903,460

A. Disaggregation of revenue from contracts with customers

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

	Three months ended June 30, 2022					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$ 5,622,445	$ 2,268,075	$ 1,888,079	$ 1,299,384	$ 1,225,549	$ 12,303,532
Revenue from internal segment transactions	(7,285)	(2,186,333)	-	(1,189,330)	(916,116)	(4,299,064)
Revenue from external customer contracts	5,615,160	81,742	1,888,079	110,054	309,433	8,004,468
Main Region						
Europe	2,758,747	32,124	1,469,137	-	54,862	4,314,870
US	2,227,328	-	418,891	-	152,839	2,799,058
Mainland China	132,136	49,616	-	-	93,606	275,358
Taiwan	430,639	2	-	-	301	430,942
Others	66,310	-	51	110,054	7,825	184,240
	$ 5,615,160	$ 81,742	$ 1,888,079	$ 110,054	$ 309,433	$ 8,004,468

	Six months ended June 30, 2022					
	Electronic devices					
	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Total segment revenue	$ 9,848,103	$ 3,369,657	$ 3,200,008	$ 2,223,765	$ 2,123,981	$ 20,765,514
Revenue from internal segment transactions	(7,615)	(3,178,611)	-	(2,035,684)	(1,520,793)	(6,742,703)
Revenue from external customer contracts	9,840,488	191,046	3,200,008	188,081	603,188	14,022,811
Main Region						
Europe	4,494,433	58,585	2,424,016	-	118,894	7,095,928
US	4,277,620	-	775,941	-	278,448	5,332,009
Mainland China	211,183	132,459	-	-	189,500	533,142
Taiwan	757,827	2	-	-	301	758,130
Others	99,425	-	51	188,081	16,045	303,602
	$ 9,840,488	$ 191,046	$ 3,200,008	$ 188,081	$ 603,188	$ 14,022,811

	Three months ended June 30, 2021				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 5,903,473	$ 3,057,745	$ 1,298,918	$ 1,268,440	$ 11,528,576
Revenue from internal segment transactions	(2,308)	(2,445,531)	-	(912,069)	(3,359,908)
Revenue from external customer contracts	5,901,165	612,214	1,298,918	356,371	8,168,668
Main Region					
Europe	2,491,204	34,275	1,073,562	73,429	3,672,470
US	3,063,221	-	189,530	164,896	3,417,647
Mainland China	131,314	566,158	-	108,188	805,660
Taiwan	181,020	11,781	-	1,782	194,583
Others	34,406	-	35,826	8,076	78,308
	$ 5,901,165	$ 612,214	$ 1,298,918	$ 356,371	$ 8,168,668

	Six months ended June 30, 2021				
	Electronic devices				
	Taiwan	Shenzhen	Singapore	Others	Total
Total segment revenue	$ 11,381,622	$ 5,706,975	$ 2,759,313	$ 3,126,255	$ 22,974,165
Revenue from internal segment transactions	(57,982)	(4,547,900)	-	(2,464,823)	(7,070,705)
Revenue from external customer contracts	11,323,640	1,159,075	2,759,313	661,432	15,903,460
Main Region					
Europe	5,249,231	70,817	2,402,031	149,440	7,871,519
US	5,384,700	247	314,255	294,858	5,994,060
Mainland China	249,741	1,076,056	-	200,224	1,526,021
Taiwan	386,451	11,955	-	3,416	401,822
Others	53,517	-	43,027	13,494	110,038
	$11,323,640	$ 1,159,075	$ 2,759,313	$ 661,432	$ 15,903,460

B. Contract assets and liabilities：

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

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Contract assets	$ -	$ -	$ 86,590	$ 43,363
Contract liabilities	$ 1,098,838	$ 874,000	$ 702,629	$ 627,002
Refund liabilities	$ 224,575	$ 246,964	$ 230,067	$ 343,164

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

	Three months ended June 30	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 76,283	$ 53,575
	Six months ended June 30	
	2022	2021
Revenue recognized that was included in the contract liability balance at the beginning of the period	$ 141,054	$ 108,295

(25) Interest income

	Three months ended June 30	
	2022	2021
Interest income from bank deposits	$ 10,558	$ 8,555
Interest income from financial assets at fair value through other comprehensive income	1,421	1,501
	$ 11,979	$ 10,056
	Six months ended June 30	
	2022	2021
Interest income from bank deposits	$ 19,539	$ 16,245
Interest income from financial assets at fair value through other comprehensive income	2,783	3,149
	$ 22,322	$ 19,394

(26) Other income

	Three months ended June 30	
	2022	2021
Compensation income	$ 115,414	$ -
Government grants	41,259	93,732
Sample income	11,848	11,318
Dividend income	2,082	1,096
Rent income	329	1,916
Other income	9,392	8,340
	$ 180,324	$ 116,402
	Six months ended June 30	
	2022	2021
Compensation income (note)	$ 115,414	$ -
Government grants	80,176	115,970
Sample income	21,048	13,775
Dividend income	2,082	1,096
Rent income	631	3,828
Other income	13,163	18,679
	$ 232,514	$ 153,348

Note: The Group had compensation agreement with Luxshare Limited, and recognized compensation income on June 30, 2022.

(27) Other gains and losses

	Three months ended June 30	
	2022	2021
Foreign exchange gain	$ 104,816	$ 15,140
Gains on financial assets / liabilities at fair value through profit or loss	53,281	23,364
Loss on disposals of investments	-	(5,580)
Losses on disposals of property, plant and equipment	(169)	(1,888)
Other gains and losses	(4,296)	(8,030)
	$ 153,632	$ 23,006

	Six months ended June 30	
	2022	2021
Foreign exchange (loss) gain	$ 249,760	($ 33,439)
Gains on financial assets / liabilities at fair value through profit or loss	87,738	53,641
Loss on disposals of investments	-	(5,580)
Losses on disposals of property, plant and equipment	(863)	(3,674)
Other gains and losses	(6,185)	(11,385)
	$ 330,450	($ 437)

(28) Expenses by nature

	Three months ended June 30	
	2022	2021
Employee benefit expense	$ 786,428	$ 854,924
Depreciation charge - property, plant and equipment	123,203	38,162
Depreciation charge - right-of-use assets	24,343	42,180
Amortization charge	37,045	31,387
	$ 971,019	$ 966,653

	Six months ended June 30	
	2022	2021
Employee benefit expense	$ 1,501,743	$ 1,762,783
Depreciation charge - property, plant and equipment	243,906	218,380
Depreciation charge - right-of-use assets	53,520	87,016
Amortization charge	74,266	64,110
	$ 1,873,435	$ 2,132,289

(29) Employee benefit expense

	Three months ended June 30	
	2022	2021
Wages and salaries	$ 671,911	$ 731,808
Share-based payments	24,282	25,151
Labor and health insurance fees	16,169	15,802
Pension costs	38,281	35,559
Other personnel expenses	35,785	46,604
	$ 786,428	$ 854,924

	Six months ended June 30	
	2022	2021
Wages and salaries	$ 1,266,106	$ 1,515,563
Share-based payments	49,675	46,997
Labor and health insurance fees	34,846	35,218
Pension costs	75,548	72,456
Other personnel expenses	75,568	92,549
	$ 1,501,743	$ 1,762,783

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

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

	Three months ended June 30	
	2022	2021
Employees' compensation	$ 31,454	$ 8,120
Directors' and supervisors' remuneration	11,467	2,889
	$ 42,921	$ 11,009

	Six months ended June 30	
	2022	2021
Employees' compensation	$ 41,034	$ 9,893
Directors' and supervisors' remuneration	13,678	3,298
	$ 54,712	$ 13,191

The abovementioned amounts were recognized in wages and salaries based on profit status of the current year. Employees' compensation was estimated at 6% and 6% of the profit for the six months ended June 30, 2022 and 2021, respectively. Directors' remuneration was estimated at 2% and 2% of the profit for the six months ended June 30, 2022 and 2021, respectively.

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

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

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended June 30	
	2022	2021
Current tax:		
Current tax on profits for the period	$ 100,302	($ 405)
Prior year income tax overestimation	(2,431)	(11,342)
Total current tax	97,871	(11,747)
Deferred tax:		
Origination and reversal of temporary differences	(5,443)	35,937
Income tax expense	$ 92,428	$ 24,190

	Six months ended June 30	
	2022	2021
Current tax:		
Current tax on profits for the period	$ 148,216	($ 19,826)
Prior year income tax overestimation	(2,431)	(8,028)
Total current tax	145,785	(27,854)
Deferred tax:		
Origination and reversal of temporary differences	(52,408)	32,332
Income tax expense	$ 93,377	$ 4,478

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

	Three months ended June 30	
	2022	2021
Exchange differences changes on translation of foreign financial statements - the Group	$ 476	$ 16,927
Exchange differences changes on translation of foreign financial statements - associates	12,100	7,639
Changes in fair value of financial assets at fair value through other comprehensive income	(957)	70
	$ 11,619	$ 24,636

	Six months ended June 30	
	2022	2021
Exchange differences changes on translation of foreign financial statements - the Group	($ 47,581)	$ 26,220
Exchange differences changes on translation of foreign financial statements - associates	(22,763)	14,280
Changes in fair value of financial assets at fair value through other comprehensive income	(2,316)	(1,043)
	($ 72,660)	$ 39,457

B. The investment in Merry Electronics (HK) Co., Ltd. and Merry Electronics (U.S.A.) Co., Ltd., of which the undistributed earnings of the investee company were used as permanent investment and were not distributed, and the losses were not compensated before 2000. Therefore, no deferred income tax arising from the difference between the carrying amount of the long-term equity investments and its tax bases had been recognized. However, for the profit from the above-mentioned reinvested companies, based on the overall operation planning, the earnings arising from these companies after 2001 are intended to be distributed and repatriated. Accordingly, deferred income tax liabilities and assets arising from this portion of earnings or losses are recognized since 2001.

C. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

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

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

(31) Earnings per share

	Three months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 392,647	213,691	$ 1.84
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	392,647	213,691	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	409	
Convertible bonds	5,867	25,795	
Employee restricted shares	-	408	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 398,514	240,303	$ 1.66

	Three months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 111,217	207,687	$ 0.54
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	111,217	207,687	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	77	
Convertible bonds	5,975	16,806	
Employee restricted shares	-	353	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 117,192	224,923	$ 0.52

	Six months ended June 30, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 502,936	213,691	$ 2.35
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	502,936	213,691	
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	868	
Convertible bonds	11,660	25,795	
Employee restricted shares	-	408	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 541,596	240,762	$ 2.14

	Six months ended June 30, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 132,137	207,685	$ 0.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	132,137	207,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	341	
Employee restricted shares	-	342	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 132,137	208,368	$ 0.63

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

B. The Group's convertible bonds have an antidilutive effect on the earnings per share for the six months ended June 30, 2021. Accordingly, the diluted earnings per share were not calculated.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six months ended June 30	
	2022	2021
Acquisition of property, plant and equipment	$ 214,630	$ 594,172
Add: Beginning balance of payable on equipment	199,508	356,594
Ending balance of prepayments for equipment	146,692	93,603
Less: Beginning balance of prepayments for equipment	(104,024)	(84,488)
Ending balance of payable on equipment	(57,231)	(428,585)
Cash paid during the period	$ 399,575	$ 531,296

	Six months ended June 30	
	2022	2021
Acquisition of intangible assets	$ 7,537	$ 27,663
Add: Beginning balance of payable	1,023	4,344
Ending balance of prepayments	16,466	61,663
Less: Beginning balance of prepayments	(14,424)	(37,436)
Ending balance of payable	(2,485)	(15,783)
Cash paid during the period	$ 8,117	$ 40,451

B. Financing activities with no cash flow effects:

	Six months ended June 30	
	2022	2021
Dividend payable	$ 866,040	$ 1,068,244

(33) Changes in liabilities from financing activities

	Short-term borrowings	Lease Liabilities	Convertible bonds	Long-term Borrowings (including those matured within one year	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2022	$3,738,289	$112,601	$2,925,589	$1,558,655	$ -	$ 111,786	$ 8,446,920
Changes in cash flow from financing	(84,049)	(55,371)	-	(204,667)	-	20,511	(323,576)
Additions	-	-	-	-	866,040	-	866,040
Impact of changes in foreign exchange rate	71,829	(974)	-	15,146	-	1,755	87,756
Changes in other non-cash items	-	31,745	13,975	-	-	(14,508)	31,212
At June 30, 2022	$3,726,069	$ 88,001	$2,939,564	$1,369,134	$ 866,040	$ 119,544	$ 9,108,352

	Short-term borrowings	Lease liabilities	Convertible bonds	Long-term Borrowings (including those matured within one year	Dividends payables	Other non-current liabilities	Liabilities from financing activities-gross
At January 1, 2021	$3,271,489	$261,656	$2,203,801	$ 807,419	$ -	$ 36,449	$ 6,580,814
Changes in cash flow from financing	2,289,280	(105,927)	-	282,478	-	(5,248)	2,460,583
Additions	-	-	-	-	1,068,244	-	1,068,244
Impact of changes in foreign exchange rate	(83,639)	(2,276)	-	10,773	-	157	(74,985)
Changes in other non-cash items	-	35,594	14,574	-	-	(466)	49,702
At June 30, 2021	$5,477,130	$189,047	$2,218,375	$1,100,670	$1,068,244	$ 30,892	$10,084,358

(34) Government grants

A. For the six months ended June 30, 2022:

i. The subsidiary, MECA, applied for "Paycheck Protection Program" subsidy from local government for the year ended December 31, 2021 amounting to USD 262 thousand (NTD 7,542 thousand) and received the subsidy in January 2022.

ii. The subsidiary, MECL, received the subsidy for technology improvement amounting to RMB 5,000 thousand (NTD 22,130 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in January 2022.

iii. The subsidiary, MECL, received the subsidy for high-tech enterprises cultivation amounting to RMB 1,000 thousand (NTD 4,426 thousand) from Shenzhen Science and Technology Innovation Commission in January 2022.

iv. The subsidiary, MECL, received the subsidy for insurance premium for the year ended June 30, 2021 amounting to RMB 2,580 thousand (NTD 11,420 thousand) from Shenzhen Commerce Bureau in May 2022.

v. The subsidiary, MECL, received the subsidy for headquarter economic funding for the year ended December 31, 2022 amounting to RMB 1,500 thousand (NTD 6,639 thousand) from Development and Reform Bureau in Longhua District, Shenzhen Municipality in June 2022.

vi. The subsidiary, ASCX, received the scientific subsidy for key projects amounting to RMB 1,104 thousand (NTD 4,887 thousand) from Scientific and Technology Bureau in Xiamen Municipality in April 2022.

vii. The Company received the subsidy for A+ R&D center project assessed in 2021 amounted to NTD 6,597 thousand in June 2022.

B. For the six months ended June 30, 2021:

i. The subsidiary, MECA, applied for "Paycheck Protection Program" subsidy from local government amounting to USD 262 thousand (NTD 7,377 thousand) in 2020 and received the subsidy in January 2021.

ii. The subsidiary, MECL, received the Shenzhen Enterprise R&D subsidy amounting to RMB 1,273 thousand (NTD 5,531 thousand) from Shenzhen Science and Technology Innovation Commission in June 2021.

iii. The subsidiary, MECL, received the employment subsidy amounting to RMB 2,476 thousand (NTD 10,757 thousand) from Longhua Branch, Human Resource Bureau of Shenzhen Municipality in June 2021.

iv. The subsidiary, MECL, received the subsidy for stable growth in industry development amounting to RMB 5,000 thousand (NTD 21,724 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in June 2021.

v. The subsidiary, MECL, received the capacity expansion subsidy amounting to RMB 9,363 thousand (NTD 40,679 thousand) from Industry and Information Technology Bureau of Shenzhen Municipality in June 2021.

vi. The Company received the subsidy for AI smart noise cancellation MIC platform development amounting to NTD 12,200 thousand in June 2021.

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

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

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

(2) Significant related party transactions

A. Operating revenue

	Three months ended June 30	
	2022	2021
Sales of goods		
Luxshare Precision Limited	$ 110,054	$ -
MECH	11,816	18,556
MECE	519	754
Others	89	648
	$ 122,478	$ 19,958

	Six months ended June 30	
	2022	2021
Sales of goods		
Luxshare Precision Limited	$ 188,053	$ -
MECH	21,352	53,762
MECE	1,036	1,602
Others	302	1,323
	$ 210,743	$ 56,687

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

B. Purchases

	Three months ended June 30	
	2022	2021
Purchases of goods		
MECE	$ 1,431,661	$ 1,980,521
MECH	1,345,921	1,084,637
Others	17,493	40,293
	$ 2,795,075	$ 3,105,451

	Six months ended June 30	
	2022	2021
Purchases of goods		
MECE	$ 2,631,431	$ 4,190,924
MECH	2,334,470	2,441,250
Others	46,040	90,370
	$ 5,011,941	$ 6,722,544

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

C. Receivables from related parties

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable:			
Luxshare Precision Limited	$ 135,727	$ 4,413	$ -
MECH	67,439	28,261	23,672
Others	70	5,527	9,965
Total	$ 203,236	$ 38,201	$ 33,637
Other receivable:			
MECH	$ 668,997	$ 554,437	$ 384,720
Luxshare Co., Ltd.	115,414	217	217
MECE	179	-	26,558
Total	$ 784,590	$ 554,654	$ 411,495

Other receivables as of June 30, 2022, December 31, 2021 and June 30, 2021 mainly were the purchases of raw materials on behalf of MECH and MECE, and the billing to Luxshare Co., Ltd. for the compensation.

D. Payables to related parties

	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable:			
MECH	$ 1,167,489	$ 1,282,350	$ 955,392
MECE	1,090,614	2,322,390	1,289,970
Others	26,941	28,556	53,601
Total	$ 2,285,044	$ 3,633,296	$ 2,298,963
Other payable:			
MECE	$ 143,523	$ 66,714	$ 142,651
Others	42	100	-
Total	$ 143,565	$ 66,814	$ 142,651

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

E. Property transactions

(a) Acquisition of property, plant and equipment:

	Three months ended June 30	
	2022	2021
MECH	$ 5,606	$ 1,366
MECE	-	1,004
	$ 5,606	$ 2,370

	Six months ended June 30	
	2022	2021
MECH	$ 5,606	$ 2,789
MECE	-	1,981
	$ 5,606	$ 4,770

(b) Disposal of property, plant and equipment:

	Three months ended June 30			
	2022		2021	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
MECH	$ 1,406	($ 163)	$ 40	($ 4)

	Six months ended June 30			
	2022		2021	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
MECH	$ 1,406	($ 163)	$ 198	($ 4)

F. Royalty expenses

	Three months ended June 30	
	2022	2021
BESKYTTE HUANG & CO	$ -	$ -

	Six months ended June 30	
	2022	2021
BESKYTTE HUANG & CO	$ -	$ 1,066

Other current assets mainly were temporary debits of brand royalties.

G. Other revenue

	Three months ended June 30	
	2022	2021
Luxshare Co., Ltd.	$ 115,414	$ -

	Six months ended June 30	
	2022	2021
Luxshare Co., Ltd.	$ 115,414	$ -

Other revenue is the billing to Luxshare Co., Ltd. for the compensation.

(3) Key management compensation

	Three months ended June 30	
	2022	2021
Short-term employee benefits	$ 21,693	$ 8,600
Post-employment benefits	115	127
Share-based payments	7,104	4,859
	$ 28,912	$ 13,586

	Six months ended June 30	
	2022	2021
Short-term employee benefits	$ 33,421	$ 17,854
Post-employment benefits	242	253
Share-based payments	14,209	10,794
	$ 47,872	$ 28,901

8. PLEDGED ASSETS

	Book value			
Pledged asset	June 30, 2022	December 31, 2021	June 30, 2021	Purpose
Time deposits (pledged) (as financial assets at amortized cost)	$ -	$ 3,853	$ 16,053	Project guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	$ 141,556	$ 186,694	$ 583,583

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

To find out joint investment with partners in new business with new technologies, the Company's Board resolved to establish Merry Capital Inc. (named temporarily, hereinafter referred to as Merry Capital), with investment amounted to not exceeding $8,000 thousand and 100% ownership. CDIB-Mac Limited Partnership (named temporarily, hereinafter referred to as MAC Development Fund) is also co-invested by Merry Capital and third party. It is proposed that the Company and Merry Capital engage in the investment year by year based on the investment items of MAC Development Fund, with the investment amount not exceeding NTD$291,000 thousand and NTD$6,000 thousand, respectively, and ownership percentage not exceeding 48.5% and 1%, respectively.

12. OTHERS

(1) Capital management

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

The Company monitors capital by reassessing debt ratios periodically. The debt ratios as on June 30 2022, December 31, 2021 and June 30, 2021 were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Total debts	$ 20,300,445	$ 21,708,001	$ 20,919,520
Total assets	32,331,479	33,862,624	32,020,852
Debt ratio	63%	64%	65%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 529,945	$ 364,395	$ 372,215

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	$ 715,224	$ 979,645	$ 1,345,992
Qualifying debt instrument	147,610	141,341	144,327
	$ 862,834	$ 1,120,986	$ 1,490,319
Financial assets at amortized cost/ Loans and receivables			
Cash and cash equivalents	$ 5,880,028	$ 4,841,969	$ 5,651,209
Financial assets at amortized at cost	1,374,750	1,032,926	851,853
Accounts receivable (including due from related parties)	6,383,965	9,403,320	7,504,777
Other receivables (including due from related parties)	978,106	954,417	593,350
Guarantee deposits paid	66,272	60,953	64,523
	$ 14,683,121	$ 16,293,585	$ 14,665,712

	June 30, 2022	December 31, 2021	June 30, 2021
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 17,519	$ 3,020	$ 5,342
Short-term borrowings	3,726,069	3,738,289	5,477,130
Notes payable	2	-	2,614
Accounts payable (including payable to related parties)	7,096,857	9,342,878	6,958,811
Other payable (including payable to related parties)	1,971,387	1,209,317	2,569,684
Lease liability	88,001	112,601	189,047
Corporate bonds payable (including maturing within one year or one operating cycle)	2,939,564	2,925,589	2,218,375
Long-term borrowings (including maturing within one year or one operating cycle)	1,369,134	1,558,655	1,100,670
Guarantee deposits received	34,224	23,516	23,893
	$ 17,242,757	$ 18,913,865	$ 18,545,566

B. Financial risk management policies

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

(b) Group treasury identifies, evaluates and hedges financial risks in close co-operation with the

Group’s operating units. Such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

C. Significant financial risks and degrees of financial risks

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

(a) Market risk

Foreign exchange risk

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

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

(Remainder of page intentionally left blank)

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis: Degree of variation	Sensitivity analysis: Effect on profit or loss	Sensitivity analysis: Effect on other comprehensive income
	June 30, 2022					
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 45,655	29.72	$ 1,356,867	3%	$ 40,706	$ -
RMB : NTD	48,163	4.44	213,796	3%	6,414	-
USD : HKD	8,553	7.85	254,195	3%	7,626	-
HKD : NTD	4,071	3.79	15,421	3%	463	-
RMB : HKD	3,465	1.17	15,381	3%	461	-
USD : RMB	2,515	6.70	74,746	3%	2,242	-
USD : THB	12,002	35.09	356,699	3%	10,701	-
Current financial assets at fair value through profit or loss						
USD : NTD	$ 3,994	29.72	$ 118,708	3%	$ 3,561	$ -
Receivables						
USD : NTD	$ 168,175	29.72	$ 4,998,173	3%	$ 149,945	$ -
USD : RMB	50,253	6.70	1,493,519	3%	44,806	-
USD : THB	23,749	35.09	705,820	3%	21,175	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 5,000	29.72	$ 148,600	3%	$ -	$ 4,458
Investments accounted for under equity method						
USD : NTD	$ 104,549	29.72	$ 3,107,182	3%	$ -	$ 93,215
HKD : NTD	315,257	3.79	1,194,195	3%	-	35,826
RMB : NTD	87,706	4.44	389,328	3%	-	11,680

(Foreign currency: functional currency)	June 30, 2022 Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial liabilities						
Monetary items						
Financial liabilities held for trading - current						
USD : NTD	$ 589	29.72	$ 17,519	3%	$ 526	$ -
Bank loan						
USD : RMB	$ 30,913	6.70	$ 918,734	3%	$ 27,562	$ -
USD : CAD	2,600	0.77	77,272	3%	2,318	-
RMB : NTD	46,413	4.44	206,027	3%	6,181	-
Payables						
RMB : NTD	$ 259,777	4.44	$ 1,153,150	3%	$ 34,595	$ -
USD : NTD	147,392	29.72	4,380,490	3%	131,415	-
USD : RMB	32,007	6.70	951,248	3%	28,537	-

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

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

(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
	June 30, 2021			Sensitivity analysis		
Financial assets						
Monetary items						
Cash in banks						
USD : NTD	$ 59,658	27.86	$ 1,662,072	3%	$ 49,862	$ -
RMB : NTD	3,844	4.31	16,564	3%	497	-
USD : HKD	8,879	7.77	247,369	3%	7,421	-
USD : RMB	5,994	6.47	166,993	3%	5,010	-
RMB : HKD	2,538	1.20	10,936	3%	328	-
Receivables						
USD : HKD	$ 1,084	7.77	$ 30,200	3%	$ 906	$ -
USD : NTD	218,146	27.86	6,077,548	3%	182,326	-
USD : RMB	38,077	6.47	1,060,825	3%	31,825	-
SGD : USD	3,286	0.74	68,119	3%	2,044	-
Non-monetary items						
Current financial assets at fair value through other comprehensive income						
USD : NTD	$ 5,000	27.86	$ 139,300	3%	$ 4,179	$ -
Current financial assets at amortized cost						
USD : NTD	$ 30,000	27.86	$ 835,800	3%	$ 25,074	$ -
Investments accounted for under equity method						
USD : NTD	$ 114,009	27.86	$ 3,176,288	3%	$ -	$ 95,289
HKD : NTD	280,029	3.59	1,004,464	3%	-	30,134
RMB : NTD	86,186	4.31	371,376	3%	-	11,141

(Foreign currency: functional currency)	June 30, 2021								
						Sensitivity analysis			
		Foreign currency amount (In thousands)	Exchange rate		Book value (NTD)	Degree of variation		Effect on profit or loss		Effect on other comprehensive income
Financial liabilities										
Monetary items										
Bank loan										
USD : NTD	$	107,000	27.86	$	2,981,020	3%	$	89,431	$	-
USD : RMB		63,412	6.47		1,766,658	3%		53,000		-
USD : CAD		2,600	0.81		72,436	3%		2,173		-
RMB : NTD		16,716	4.31		72,029	3%		2,161		-
Payables										
HKD : RMB	$	188	0.83	$	674	3%	$	20	$	-
RMB : NTD		180,131	4.31		776,184	3%		23,286		-
USD : NTD		128,811	27.86		3,588,674	3%		107,660		-
USD : RMB		37,773	6.47		1,052,356	3%		31,571		-

Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2022 and 2021 amounted to a gain of $104,816 thousand, a gain of $15,140 thousand, a gain of $249,760 thousand, and a loss of $33,439 thousand, respectively.

Price risk

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

ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the six months ended June 30, 2022 and 2021 would have increased/decreased by $821 thousand and $794 thousand, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $21,457 thousand and $40,380 thousand, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

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

ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the six months ended June 30, 2022 and 2021 would have increased/decreased by $5,095 thousand and $6,578 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

iii. If the Current investments in debt instrument interest rate had increased/decreased by 0.25% with all other variables held constant, profit (loss), net of tax for the six months ended June 30, 2022 and 2021 would have increased/decreased by $531 thousand and $424 thousand, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

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

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

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

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

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

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

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

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

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

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

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

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

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

viii. The Group used the forecastability of adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. As of June 30, 2022, December 31, 2021 and June 30, 2021, the provision matrix is as follows:

June 30, 2022	Expected loss rate	Total book value	Loss allowance
Not past due	0.06%	$ 6,090,341	$ 3,443
Up to 30 days	1.93%	90,843	1,756
31~90 days	11.54%	5,363	619
91~180 days	100.00%	3,256	3,256
Over 180 days	100.00%	9,821	9,821
		$ 6,199,624	$ 18,895

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

June 30, 2021	Expected loss rate	Total book value	Loss allowance
Not past due	0.04%	$ 7,238,657	$ 3,023
Up to 30 days	0.79%	149,113	1,172
31~90 days	5.51%	92,676	5,111
91~180 days	100.00%	2,831	2,831
Over 180 days	100.00%	8,010	8,010
		$ 7,491,287	$ 20,147

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

	2022
	Accounts receivable
At January 1	$ 35,425
Reversal of impairment loss	(15,895)
Effect of foreign exchange	(635)
At June 30	$ 18,895

	2021
	Accounts receivable
At January 1	$ 29,676
Reversal of impairment loss	(8,262)
Effect of foreign exchange	(1,267)
At June 30	$ 20,147

x. For the six months ended June 30, 2022 and 2021, there was no loss allowance for investments in debt instruments at fair value through other comprehensive income.

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

	June 30, 2022			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at amortized cost				
Group 1	$ 1,374,750	$ -	$ -	$ 1,374,750
Financial assets at fair value through other comprehensive income				
Group 2	$ 147,610	$ -	$ -	$ 147,610

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

	June 30, 2021			
		Lifetime		
	12 months	Significant increase in Credit risk	Impairment of credit	Total
Financial assets at amortized cost				
Group 1	$ 851,853	$ -	$ -	$ 851,853
Financial assets at fair value through other comprehensive income				
Group 2	$ 144,327	$ -	$ -	$ 144,327

Group 1: Time deposits designated as investment grade.
Group 2: Debt instruments designated as investment grade.

(c) Liquidity risk

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

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

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

iv. The Group has $14,406,098 thousand, $12,839,195 thousand and $6,411,069 thousand in undrawn borrowing facilities as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

Non-derivative financial liabilities

June 30, 2022	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,667,824	$2,073,699	$ -	$ -	$ -	$ 3,741,523
Notes payable	2	-	-	-	-	2
Accounts payable	3,416,304	1,395,509	-	-	-	4,811,813
Accounts payable - related parties	1,883,542	401,502	-	-	-	2,285,044
Other payables (including related parties)	1,908,147	63,240	-	-	-	1,971,387
Lease liabilities	9,803	23,622	14,125	24,090	25,135	96,775
Bonds payable	-	-	-	3,000,000	-	3,000,000
Long-term borrowings	50,417	208,819	450,896	687,069	-	1,397,201
Derivative financial liabilities						
Forward exchange contracts	12,946	4,573	-	-	-	17,519

Non-derivative financial liabilities

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,484,691	$ 2,265,537	$ -	$ -	$ -	$ 3,750,228
Accounts payable	4,832,757	876,825	-	-	-	5,709,582
Accounts payable - related parties	3,358,281	275,015	-	-	-	3,633,296
Other payables (including related parties)	1,058,481	150,836	-	-	-	1,209,317
Lease liabilities	22,567	25,587	15,605	28,027	27,946	119,732
Bonds payable	-	-	-	3,000,000	-	3,000,000
Long-term borrowings	7,872	110,169	460,842	930,460	12,506	1,521,849
Derivative financial liabilities						
Forward exchange contracts	440	2,580	-	-	-	3,020

Non-derivative financial liabilities

June 30, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 3,236,754	$2,251,633	$ -	$ -	$ -	$ 5,488,387
Notes payable	2,614	-	-	-	-	2,614
Accounts payable	4,137,892	521,956	-	-	-	4,659,848
Accounts payable - related parties	2,090,535	208,428	-	-	-	2,298,963
Other payables (including related parties)	2,534,448	35,236	-	-	-	2,569,684
Lease liabilities	35,299	81,718	21,787	22,624	30,724	192,152
Other current liabilities	56,143	42	-	-	-	56,185
Bonds payable	2,231,900	-	-	-	-	2,231,900
Long-term borrowings	814	35,205	167,926	856,111	50,075	1,110,131
Derivative financial liabilities						
Forward exchange contracts	5,342	-	-	-	-	5,342

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value Financial instruments not measured at fair value include the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables.

		Fair value		
June 30, 2022	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,939,564	$ -	$2,856,476	$ -

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

		Fair value		
June 30, 2021	Book value	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable	$ 2,231,900	$ -	$2,218,375	$ -

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

June 30, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 27,380	$ 27,380
-Forward exchange contracts	-	118,708	-	118,708
-Fund	103,857	-	-	103,857
-Bonds investments	-	-	280,000	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	227,862	-	487,362	715,224
- Debt securities	-	147,610	-	147,610
	$ 331,719	$ 266,318	$ 794,742	$ 1,392,779
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 17,519	$ -	$ 17,519

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

June 30, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity securities	$ -	$ -	$ 26,468	$ 26,468
-Forward exchange contracts	-	10,230	-	10,230
-Fund	55,517	-	-	55,517
-Bonds investments	-	-	280,000	280,000
Financial liabilities at fair value through other comprehensive income				
- Equity securities	192,077	-	1,153,915	1,345,992
- Debt securities	-	144,327	-	144,327
	$ 247,594	$ 154,557	$ 1,460,383	$ 1,862,534
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contracts	$ -	$ 5,342	$ -	$ 5,342

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

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

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

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

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

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

E. For the six months ended June 30, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2022 and 2021:

	Six months ended June 30	
	2022	2021
At January 1	$ 1,026,433	$ 1,363,685
Current increase	1,487	280,000
Losses recognized in profit or loss	(2,570)	(446)
Gains (losses) recognized in other comprehensive income	(230,608)	(182,856)
At June 30	$ 794,742	$ 1,460,383

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

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity investment:					
Equity securities	$ 151,615	Market comparable companies	Price to book ratio multiple	$ 15,509	The higher the multiplier, the higher the fair value
Private equity funds in venture capital	27,380	Net asset value	N/A	27,380	N/A
Private placement shares (listed companies)	335,747	Market price method	Discount for lack of marketability	17.6%-18.3%	The higher the discount for marketability, the lower the fair value
Non-derivative debt investment:					
Convertible bonds	$ 280,000	Discounted cash flow method	Discount rate	-	The higher the discount rate, the lower the fair value

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

	Fair value at June 30, 2021		Valuation technique	Significant unobservable input	Range (weighted average)		Relationship of inputs to fair value
Non-derivative equity investment:							
Equity securities	$	138,868	Market comparable companies	Price to book ratio multiple	$	15,528	The higher the multiplier, the higher the fair value
Private equity funds in venture capital		26,468	Net asset value	N/A		26,468	N/A
Private placement shares (listed companies)		1,015,047	Market price method	Discount for lack of marketability		-	The higher the discount for marketability, the lower the fair value
Non-derivative debt investment:							
Convertible bonds	$	280,000	Binary tree convertible bond valuation model	Risk-free interest rate		-	The higher the risk-free interest rate, the lower the fair value

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

			June 30, 2022			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity securities	Price to book ratio multiple	±10%	-	-	15,162	(15,162)
			$ -	$ -	$ 15,162	($ 15,162)

			December 31, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Call options of convertible bonds	Stock price	±10%	$ 300	($ 300)	$ -	$ -
	Volatility	±5%	300	(300)	-	-
Equity securities	Price to book ratio multiple	±10%	-	-	14,024	(14,024)
			$ 600	($ 600)	$ 14,024	($ 14,024)

			June 30, 2021			
			Recognized in profit or loss		Recognized in other comprehensive income	
Equity securities	Price to book ratio multiple	±10%	$ -	$ -	$ 13,887	($ 13,887)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

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

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

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

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

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

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

Major shareholders information: None.

14. SEGMENT INFORMATION

(1) General information

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

(2) Measurement of segment information

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

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

A. The segment information provided to the chief operating decision-maker for the reportable segments for the six months ended June 30, 2022 is as follows:

	Taiwan	Shenzhen	Singapore	Vietnam	Others	Total
Revenue						
Revenue from external customers	$ 9,840,488	$ 191,046	$ 3,200,008	$ 188,081	$ 603,188	$ 14,022,811
Inter-segment revenue	7,615	3,178,611	-	2,035,684	1,520,793	6,742,703
Total revenue	$ 9,848,103	$ 3,369,657	$ 3,200,008	$ 2,223,765	$ 2,123,981	$ 20,765,514
Segment pre-tax profit (loss)	$ 629,184	($ 494,283)	$ 295,309	$ 242,170	$ 259,157	$ 931,537
Segment profit (loss) contains:						
Interest revenue	$ 13,008	$ 8,663	$ 65	$ 11	$ 575	$ 22,322
Interest expense	21,000	14,114	215	2,277	3,987	41,593
Depreciation & amortization	38,277	165,648	3,811	66,256	97,700	371,692
Income tax (benefit) expense	126,248	(74,060)	50,202	-	(9,013)	93,377
Recognized investment profit which is adopting equity method	(170,633)	-	-	-	88,244	(82,389)

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

B. The segment information provided to the chief operating decision-maker for the reportable segments for the six months ended June 30, 2021 is as follows:

	Taiwan	Shenzhen	Singapore	Others	Total
Revenue					
Revenue from external customers	$ 11,323,640	$ 1,159,075	$ 2,759,313	$ 661,432	$ 15,903,460
Inter-segment revenue	57,982	4,547,900	-	2,464,823	7,070,705
Total revenue	$ 11,381,622	$ 5,706,975	$ 2,759,313	$ 3,126,255	$ 22,974,165
Segment pre-tax profit (loss)	$ 213,826	($ 383,641)	$ 138,322	$ 661,737	$ 630,244
Segment profit (loss) contains:					
Interest revenue	$ 12,802	$ 6,526	$ -	$ 66	$ 19,394
Interest expense	21,117	11,512	348	2,081	35,058
Depreciation & amortization	32,478	196,815	4,080	136,133	369,506
Income tax (benefit) expense	19,562	(35,889)	24,387	(3,582)	4,478
Recognized investment profit which is adopting equity method	(50,757)	-	-	247,660	196,903

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

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

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

(4) Reconciliation for segment income (loss)

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

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

	Six months ended June 30	
	2022	2021
Adjusted revenue from reportable segments	$ 20,765,514	$ 22,974,165
Elimination of inter-segment revenue	(6,742,703)	(7,070,705)
Total consolidated operating revenue	$ 14,022,811	$ 15,903,460

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

	Six months ended June 30	
	2022	2021
Adjusted income from reportable segments before income tax	$ 931,537	$ 630,244
Elimination of inter-segment income	(220,216)	(423,242)
Income from continuing operations before income tax	$ 711,321	$ 207,002

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Loans to others

Six months ended June 30, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance for the three months ended June 30, 2022	Balance at June 30, 2022	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transaction with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 1)	Footnote
													Item	Value			
1	MESG	SOCV	Other receivables	Y	$ 118,880	$ 118,880	$ 38,636	1.13	2	$ -	Business operation	$ -	-	$ -	$1,811,160	$ 1,811,160	

Note 1: (1) The ceiling on MESG total loans to others is MESG’s net assets; for short-term financing, the limit to a single party is 40% of MESG’s net assets.
(2) The restrictions in (1) shall not apply to short-term financing among affiliates in the group. The limit to a single party is MESG’s net assets.

Note 2: (1) For MESG’s business transactions, limit on loans granted for a single party is the amount of the transactions.
(2) For MESG’s short-term financing, limit on loans granted for a single party is 40% of the net assets of MESG.
(3) The restrictions in (1)(2) shall not apply to short-term financing among affiliates in the group. The limit to a single party is MESG’s net assets.

Note 3: (1) For MESG’s business transactions.
(2) For short-term financing.

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being Endorsed/guaranteed: Company name	Party being Endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of June, 2022	Outstanding endorsement/ guarantee amount as of June 30, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	MEHO	SOCV	2	$ 9,048,082	$ 104,020	$ 104,020	$ 77,272	$ -	0.92%	$ 11,310,102	Y	N	N	
0	MEHO	SENM	2	9,048,082	29,720	-	-	-	-	11,310,102	Y	N	N	

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

(1) The Company is ‘0’.

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

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

(1) Having business relationship.

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

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

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

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

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of June 30, 2022 Number of shares	Book value (in thousands)	Ownership (%)	Fair value (in thousands)	Note
The Company	76324296A KGI Taiwan Multi-Asset Income Fund A TWD	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,015	$ 50,000	-	$ 53,861	
The Company	UPAMC Wealthy Fund	-	Financial assets mandatorily measured at fair value through profit or loss - current	5,000	50,000	-	49,996	
The Company	SYNergy Private Placement (YDB8AA)	-	Financial assets mandatorily measured at fair value through profit or loss - current	-	280,000	-	280,000	
					380,000		$ 383,857	
			Valuation adjustment		3,857			
					$ 383,857			
The Company	JAFCO	-	Financial assets mandatorily measured at fair value through profit or loss - non-current	975	$ 29,350	0.75%	$ 27,380	
			Valuation adjustment		(1,970)			
					$ 27,380			
The Company	2881B.TW	-	Equity instruments measured at fair value through OCI - current	683	$ 40,980	-	$ 42,414	
The Company	2882B.TW	-	Equity instruments measured at fair value through OCI - current	585	35,100	-	36,621	
The Company	5871A	-	Equity instruments measured at fair value through OCI - current	300	30,000	-	29,790	
					106,080		$ 108,825	
					2,745			
					$ 108,825			
The Company	Stock - 4943.TW	-	Measured at fair value through other comprehensive income - non-current	13,905	$ 648,164	8.85%	$ 207,323	
The Company	Stock - 3290.TW	-	Measured at fair value through other comprehensive income - non-current	5,723	99,990	5.75%	119,037	
The Company	Stock - FUJITER Semiconductor CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	2,126	27,811	9.79%	22,415	
The Company	Stock - NETVOX TECHNOLOGY CO., LTD	-	Measured at fair value through other comprehensive income - non-current	324	2,976	1.32%	-	
The Company	Stock - -EVER THAI AGRI-PRODUCT CO.,LTD.	-	Measured at fair value through other comprehensive income - non-current	683	6,425	5.08%	2,392	
The Company	Stock - -SUNSINO SME Development Co., Ltd.	-	Measured at fair value through other comprehensive income - non-current	169	2,123	0.36%	2,158	
The Company	Stock - -LINSATION Intelligent Technology Limited	-	Measured at fair value through other comprehensive income - non-current	75	8,772	6.19%	2,717	
The Company	Stock - MERRY FULING CO., LTD., TAIWAN BRANCH (SAMOA)	-	Measured at fair value through other comprehensive income - non-current	356	10,437	19.00%	10,378	
The Company	Stock - 6558.TW	-	Measured at fair value through other comprehensive income - non-current	7,300	188,340	7.77%	128,424	
The Company	Bond - XS218687550	-	Debt instruments measured at fair value through other comprehensive income	-	144,625	-	147,610	
					1,139,663		$ 642,454	
			Valuation adjustment		(497,209)			
					$ 642,454			
MEST	Stock - Perfect Fortune Inc	-	Measured at fair value through other comprehensive income - non-current	2,126	$ 8,055	18.33%	$ 70,993	
MEST	Stock - LOYAL WIRE& CABLE COMPANY LTD	-	Measured at fair value through other comprehensive income - non-current	1,159	7,764	18.33%	35,235	
ASCX	Stock - DeTing (Xiamen) Health Technology Co., Ltd.	-	Measured at fair value through other comprehensive income - non-current	-	444	10.00%	444	
ASCX	Stock - Beijing Wanling Hearing Aids	-	Measured at fair value through other comprehensive income - non-current	-	4,883	19.64%	4,883	
					21,146		$ 111,555	
			Valuation adjustment		90,409			
					$ 111,555			

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Acquisition of real estate reaching $300 million or 20% of the Company's paid-in capital
Six months ended June 30, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more
Six months ended June 30, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchase/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note 2)	Percentage of total notes/ accounts receivable payable	Note
The Company	MECH	Investment accounted for using the equity method	Purchases	$ 1,220,553	9%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	($ 474,006)	7%	
The Company	MEVN	A subsidiary of the Company	Purchases	2,040,381	15%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(921,431)	13%	(Note 3)
The Company	MECE	Investment accounted for using the equity method	Purchases	2,619,515	20%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,080,220)	15%	
The Company	MECL	A subsidiary of the Company	Purchases	2,719,841	19%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(1,664,819)	23%	(Note 3)
METC	The Company	Parent company	Purchases	934,135	7%	60 - 120 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(784,789)	11%	(Note 3)
MESG	MECL	A subsidiary of the Company	Purchases	464,968	3%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(413,061)	6%	(Note 3)
MESG	METC	A subsidiary of the Company	Purchases	1,388,219	10%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(705,087)	10%	(Note 3)
MESG	MECH	Investment accounted for using the equity method	Purchases	1,112,195	8%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(693,322)	10%	
Luxshare Co., Ltd.	MEVN	A subsidiary of the Company	Purchases	188,053	1%	60 - 65 days end of month after offsetting with accounts receivable	(Note 1)	30~120 days end of month for the third parties	(135,727)	2%	

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching $100 million or 20% of paid-in capital or more
June 30, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

			Balance of accounts receivable due from related party			Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	General ledger account	Amount	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note2)	Allowance for doubtful accounts	Note
The Company	METC	A subsidiary of the Company	Accounts receivable	$ 784,789	2.48	$ -	-	$ -	$ -	(Note 1)
MECL	The Company	Parent Company	Accounts receivable	1,664,819	2.51	-	-	562,901	-	(Note 1)
MECL	MESG	A subsidiary of the Company	Accounts receivable	413,061	2.27	-	-	95,272	-	(Note 1)
METC	MESG	A subsidiary of the Company	Accounts receivable	705,087	4.44	-	-	383,096	-	(Note 1)
MEVN	The Company	Parent Company	Accounts receivable	921,431	5.22	-	-	349,925	-	(Note 1)
MEVN	Luxshare Co., Ltd.	Other related party of the Company	Accounts receivable	135,727	2.68	-	-	-	-	
MECE	The Company	Parent Company	Accounts receivable	1,080,220	3.10	-	-	-	-	
MECH	The Company	Parent Company	Accounts receivable	474,006	3.80	-	-	184,556	-	
MECH	MESG	A subsidiary of the Company	Accounts receivable	693,322	3.82	-	-	193,936	-	
MECL	MECH	Investment accounted for using the equity method	Other receivable	667,785	-	-	-	199,565	-	
The Company	Luxshare Co., Ltd.	Other related party of the Company	Other receivable	115,414	-	-	-	115,414	-	

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Six months ended June 30, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	MEHO	MECL	1	Purchases	$ 2,719,841	The price is based on the profitability of the product	19%
0	MEHO	MECL	1	Accounts payable	1,664,819	The balance shown was net of receivables as agreed by both parties	5%
0	MEHO	MEVN	1	Purchases	2,040,381	The price is based on the profitability of the product	15%
0	MEHO	MEVN	1	Accounts payable	921,431	The balance shown was net of receivables as agreed by both parties	3%
1	METC	MEHO	2	Purchases	934,135	The price is based on the profitability of the product	7%
1	METC	MEHO	2	Accounts payable	784,789	The balance shown was net of receivables as agreed by both parties	2%
2	MESG	MECL	3	Purchases	464,968	The price is based on the profitability of the product	3%
2	MESG	MECL	3	Accounts payable	413,061	The balance shown was net of receivables as agreed by both parties	1%
2	MESG	METC	3	Purchases	1,388,219	The price is based on the profitability of the product	10%
2	MESG	METC	3	Accounts payable	705,087	The balance shown was net of receivables as agreed by both parties	2%

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

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

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees
Six months ended June 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as on June 30, 2022					
Investor	Investee	Location	Main business activities	Balance as on June 30, 2022	Balance as on December 31, 2021	Number of shares (in thousand shares)	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended June 30, 2022	Investment income (loss) recognized by the Company for the year ended June 30, 2022	Note
The Company	MEST	HONG KONG	Sales of microphone, receiver and speaker	$ 981,113	$ 981,113	25,658	100.00	$ 4,302,762	($ 352,323)	($ 331,119)	(Note 1)
The Company	DDBV	British Virgin IS.	General investment business	1,479,925	1,479,925	48,005	100.00	3,107,368	(158,947)	(145,622)	(Note 1)
The Company	LEOHAB ENTERPRISE CO.,LTD.	Taichung City	Plastic injection molding and metal stamping	96,666	96,666	4,986	21.00	41,223	(15,694)	(3,296)	
The Company	MECA	U.S.A.	Technique, marketing and after service	28,887	28,887	999	99.90	41,026	7,075	7,067	
The Company	MESG	SINGAPORE	Sales of microphone, receiver and speaker	92,132	92,132	800	100.00	1,811,160	245,106	246,442	
The Company	METC	THAILAND	Microphone, components and product and sale of other electric products	484,358	484,358	5,060	99.99	601,843	51,013	51,553	(Note 1)
The Company	MHKY	CAYMAN	Sales of medical device	887,287	887,287	24,979	100.00	495,806	(92,555)	(92,555)	
The Company	INSA	SAMOA	General investment business	1,199,977	1,199,977	-	100.00	768,573	(27,034)	(27,034)	
The Company	MEVN	VIETNAM	Manufacture of microphone and speaker	366,710	366,710	-	51.00	685,938	242,170	125,147	
The Company	MUTT	New Taipei City	Manufacturing and application service of electrical appliances and audiovisual electronic products	30,600	-	3,060	51.00	30,593	(14)	(7)	
DDBV	UCMU	MAURITIUS	General investment business	151	151	5	100.00	-	-	-	(Note 2)
DDBV	MTHK	HONG KONG	General investment business	1,392,956	1,392,956	48,000	100.00	3,107,182	(158,947)	-	(Note 2)
MHKY	FUSA	SAMOA	General investment business	818,916	818,916	-	96.01	544,220	(91,934)	-	(Note 2)
INSA	SOCV	CANADA	Sale and development of speaker and power amplifier	30	30	-	100.00	(1,534)	(5,461)	-	(Note 2)
SOCV	SOCA	CANADA	General investment business	-	11,112	-	-	-	6,893	-	(Note 2, 3)
SOCV	SENM	NORWAY	Manufacture and sales of speaker monomer	23	23	-	100.00	59,513	6,893	-	(Note 2)

Note 1: The investment income included unrealized gains or losses and realized gains arising from upstream transactions.
Note 2: The investee is second subsidiary and investment income (loss) is not shown.
Note 3: Please refer to Note 4 (3).

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Six months ended June 30, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for six months ended June 30, 2022: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee for six months ended June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for six months ended June 30, 2022	Book value of investments in Mainland China as of June 30, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Note
MECL	Microphone, receiver, speaker, security system, induction cooker and other electronic component	$ 423,232	(Note 2)	$ 453,191	$ -	$ -	$ 453,191	($ 420,223)	100.00%	($ 420,223)	$ 2,724,330	$ 2,282,120	Note 3
MECE	Manufacture and sales of microphone, receiver and speaker	2,777,655	(Note 2)	1,369,285	-	-	1,369,285	(324,381)	49.00%	(145,623)	3,107,182	295,185	Note 3
MECS	International trade, transit trade and trading consulting; trading amongst companies in bonded area and trading agency in the area	7,367	(Note 2)	6,055	-	-	6,055	2	49.00%	1	(1,099)	40,321	
Perfect Fortune Inc.	Electric wire, electric cable and other wire processing	43,941	(Note 2, 4)	107,624	-	-	107,624	7,513	18.33%	-	70,989	4,125	
LOYAL WIRE& CABLE COMPANY LTD.	Electric wire, electric cable and other wire processing	23,959	(Note 2, 4)	-	-	-	-	5,293	18.33%	-	35,233	-	
MECH	Manufacture and sales of microphone, receiver, speaker and mobile phone	443,900	(Note 2)	420,687	-	-	420,687	143,567	49.00%	62,503	1,195,294	-	Note 3
FUSZ	Manufacture of medical device	284,910	(Note 2)	310,763	-	-	310,763	(1,101)	96.01%	(1,057)	246,310	-	
MEDG	Research and development of sound equipment, earphones, mobile power supply, charging box, cable, connector, electronic components, plastic hardware, mold and antenna	887,800	(Note 1)	452,564	-	-	452,564	8,215	49.00%	4,026	389,328	-	
MSCS	Manufacture of speaker and amplifier	153,467	(Note 1)	110,497	-	-	110,497	(3,079)	100.00%	(3,079)	129,276	-	
ETCX	Retail sales of hearing products	19,976	(Note 2)	19,009	-	-	19,009	(2,903)	96.01%	(2,787)	(19,343)	-	

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES
Information on investees in Mainland China
Six months ended June 30, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for six months ended June 30, 2022: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for six months ended June 30, 2022: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Net income of investee for six months ended June 30, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for six months ended June 30, 2022	Book value of investments in Mainland China as of June 30, 2022 (Note 5)	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2022	Note
ASCX	Manufacture and sales of hearing aid, hearing device and acoustics equipment	58,866	(Note 2)	275,537	-	-	275,537	(15,256)	95.53%	(14,574)	62,636	-	
LACX	Research and development and technical sales of software for hearing aid use	22,195	(Note 2)	22,180	-	-	22,180	(252)	95.53%	(240)	42,821	-	
FUXM	Sales of medical device	309,101	(Note 2)	302,995	-	-	302,995	(60,201)	96.01%	(57,799)	76,803	-	
							$ 3,850,387						

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission (MOEA) (Note 1)
Merry Electronics Co., Ltd.	$ 3,850,387	$ 3,757,859	$ 6,786,061

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

MERRY ELECTRONICS CO., LTD. AND SUBSIDIARIES

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

Six months ended June 30, 2022

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

		Sales (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/ guarantee or collaterals		Financing				
Investee in Mainland China	Counterparty	Amount	%	Amount	%	Balance on June 30, 2022	%	Balance on June 30, 2022	Purpose	Maximum balance during the six months ended June 30, 2022	Balance on June 30, 2022	Interest rate	Interest during the six months ended June 30, 2022	Others
MECL	MEHO	($ 2,719,841)	19%	$ -	-	($1,664,819)	23%	$ -	-	$ -	$ -	-	$ -	-
MECL	MESG	(464,968)	3%	-	-	(413,061)	6%	-	-	-	-	-	-	-
MECE	MEHO	(2,619,515)	20%	-	-	(1,080,220)	15%	-	-	-	-	-	-	-
MECH	MEHO	(1.220,553)	9%	-	-	(474,006)	7%	-	-	-	-	-	-	-
MECH	MESG	(1,112,195)	8%	-	-	(693,322)	10%	-	-	-	-	-	-	-