

**TRANSCEND INFORMATION, INC. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR22000011

To the Board of Directors and Shareholders of Transcend Information, Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Transcend Information Inc. and subsidiaries (the "Group") as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the 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 Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$821,818 thousand and NT\$2,110,219 thousand, constituting 3% and 10% of the consolidated total assets as at March 31, 2022 and 2021, respectively, total liabilities amounted to NT\$94,582 thousand and NT\$129,727 thousand, constituting 2% and 4% of the consolidated total liabilities as at March 31, 2022 and 2021, respectively, and the total comprehensive income (loss) amounted to NT\$105,687 thousand and (NT\$16,083) thousand, constituting 13% and (3%) of the consolidated total comprehensive income for the three months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section 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 at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the 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.

Chen, Ching-Chang Lin, Yi-Fan
For and on Behalf of PricewaterhouseCoopers, Taiwan
May 5, 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’ 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.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan Dollars)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	\$ 1,894,044	8	\$ 2,018,106	9	\$ 997,539	5
Financial assets at fair value through profit or loss - current	6(2)	2,493,210	11	1,506,595	7	3,738,340	17
Current financial assets at amortised cost, net	6(3)	6,184,947	26	5,567,177	25	5,183,485	24
Notes receivable, net	6(4)	14	-	2,499	-	1,419	-
Accounts receivable, net	6(4)	1,693,728	7	1,622,484	7	1,719,555	8
Accounts receivable due from related parties, net	7	100	-	-	-	68	-
Other receivables		108,680	1	108,850	-	65,914	-
Inventories, net	6(5)	5,506,180	23	5,774,825	26	3,353,011	16
Non-current assets held for sale, net	6(6)	371,429	2	159,976	1	-	-
Other current assets		24,829	-	13,445	-	7,819	-
Total current assets		<u>18,277,161</u>	<u>78</u>	<u>16,773,957</u>	<u>75</u>	<u>15,067,150</u>	<u>70</u>
Non-current assets							
Non-current financial assets at fair value through profit or loss	6(2)	64,493	-	111,599	-	882,983	4
Non-current financial assets at fair value through other comprehensive income	6(7)	687,364	3	629,576	3	285,593	1
Investments accounted for using equity method	6(8)	156,879	1	148,514	1	104,681	1
Property, plant and equipment, net	6(9) and 8	1,625,537	7	1,942,013	9	2,224,339	11
Right-of-use assets	6(10) and 7	45,070	-	124,054	-	180,563	1
Investment property, net	6(12)	2,600,493	11	2,602,088	12	2,609,844	12
Deferred tax assets		56,430	-	47,355	-	46,018	-
Other non-current assets	6(13)	56,839	-	59,345	-	46,245	-
Total non-current assets		<u>5,293,105</u>	<u>22</u>	<u>5,664,544</u>	<u>25</u>	<u>6,380,266</u>	<u>30</u>
Total assets		<u>\$ 23,570,266</u>	<u>100</u>	<u>\$ 22,438,501</u>	<u>100</u>	<u>\$ 21,447,416</u>	<u>100</u>

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
(Expressed in thousands of New Taiwan Dollars)
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities							
Accounts payable		\$ 1,035,206	5	\$ 1,364,835	6	\$ 1,317,875	6
Accounts payable - related parties	7	48,778	-	52,241	-	41,675	-
Other payables	6(17)	2,834,396	12	286,168	1	1,555,363	7
Current tax liabilities		729,303	3	592,886	3	338,022	2
Current lease liabilities	7	16,091	-	16,917	-	54,892	1
Other current liabilities		543,599	2	88,606	1	36,412	-
Total current liabilities		<u>5,207,373</u>	<u>22</u>	<u>2,401,653</u>	<u>11</u>	<u>3,344,239</u>	<u>16</u>
Non-current liabilities							
Deferred tax liabilities		215,953	1	128,784	1	133,806	1
Non-current lease liabilities	7	23,750	-	26,033	-	34,869	-
Other non-current liabilities	6(14)	48,866	-	47,196	-	52,249	-
Total non-current liabilities		<u>288,569</u>	<u>1</u>	<u>202,013</u>	<u>1</u>	<u>220,924</u>	<u>1</u>
Total liabilities		<u>5,495,942</u>	<u>23</u>	<u>2,603,666</u>	<u>12</u>	<u>3,565,163</u>	<u>17</u>
Equity attributable to owners of parent							
Share capital	6(15)						
Common stock		4,290,617	18	4,290,617	19	4,290,617	20
Capital surplus	6(16)						
Capital surplus		3,387,665	14	3,730,914	16	3,730,838	17
Retained earnings	6(17)						
Legal reserve		4,803,503	21	4,803,503	21	4,683,878	22
Special reserve		117,244	1	117,244	1	130,902	1
Unappropriated retained earnings		5,631,176	24	7,083,072	32	5,208,126	24
Other equity interest	6(18)						
Other equity interest		(155,881)	(1)	(190,515)	(1)	(162,108)	(1)
Total equity		<u>18,074,324</u>	<u>77</u>	<u>19,834,835</u>	<u>88</u>	<u>17,882,253</u>	<u>83</u>
Significant contingent liabilities and unrecognized contract commitments	9						
Total liabilities and equity		<u>\$ 23,570,266</u>	<u>100</u>	<u>\$ 22,438,501</u>	<u>100</u>	<u>\$ 21,447,416</u>	<u>100</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars, except for earnings per share amount)
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(19) and 7	\$ 3,449,636	100	\$ 3,498,620	100
Operating costs	6(5)(23) and 7	(2,589,133)	(75)	(2,645,772)	(76)
Gross profit		<u>860,503</u>	<u>25</u>	<u>852,848</u>	<u>24</u>
Operating expenses	6(23)				
Sales and marketing expenses		(216,636)	(6)	(216,719)	(6)
Administrative expenses		(75,726)	(2)	(72,235)	(2)
Research and development expenses		(44,380)	(2)	(42,059)	(1)
Impairment gain (expected credit loss) determined in accordance with IFRS 9	6(4)	<u>279</u>	<u>-</u>	<u>(3,380)</u>	<u>-</u>
Total operating expenses		<u>(336,463)</u>	<u>(10)</u>	<u>(334,393)</u>	<u>(9)</u>
Operating profit		<u>524,040</u>	<u>15</u>	<u>518,455</u>	<u>15</u>
Non-operating income and expenses					
Interest income	6(20)	9,263	1	57,202	2
Other income	6(21)	9,398	-	8,734	-
Other gains and losses	6(22)	430,481	13	69,027	2
Finance costs	6(10)	(182)	-	(372)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(8)	<u>8,585</u>	<u>-</u>	<u>8,757</u>	<u>-</u>
Total non-operating income and expenses		<u>457,545</u>	<u>14</u>	<u>143,348</u>	<u>4</u>
Profit before income tax		<u>981,585</u>	<u>29</u>	<u>661,803</u>	<u>19</u>
Income tax expense	6(24)	(202,141)	(6)	(102,417)	(3)
Profit for the period		<u>\$ 779,444</u>	<u>23</u>	<u>\$ 559,386</u>	<u>16</u>
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Unrealized loss on financial assets at fair value through other comprehensive income	6(7)(18)	(\$ 13,252)	-	(\$ 5,212)	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method		(219)	-	200	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements	6(18)	59,858	2	(44,385)	(1)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(18)(24)	<u>(11,972)</u>	<u>(1)</u>	<u>8,876</u>	<u>-</u>
Other comprehensive income (loss) for the period		<u>\$ 34,415</u>	<u>1</u>	<u>(\$ 40,521)</u>	<u>(1)</u>
Total comprehensive income		<u>\$ 813,859</u>	<u>24</u>	<u>\$ 518,865</u>	<u>15</u>
Net profit attributable to:					
Owners of parent		<u>\$ 779,444</u>	<u>23</u>	<u>\$ 559,386</u>	<u>16</u>
Comprehensive income attributable to:					
Owners of parent		<u>\$ 813,859</u>	<u>24</u>	<u>\$ 518,865</u>	<u>15</u>
Earnings per share (in dollars)	6(25)				
Basic earnings per share		<u>\$ 1.82</u>		<u>\$ 1.30</u>	
Diluted earnings per share		<u>\$ 1.81</u>		<u>\$ 1.30</u>	

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent								Total equity	
		Common stock	Capital Reserves		Net assets from merger	Retained Earnings		Other Equity Interest			
			Additional paid-in capital	Donated assets received		Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements		Unrealized gain or loss on financial assets at fair value through other comprehensive income
<u>Three months ended March 31, 2021</u>											
Balance at January 1, 2021		\$ 4,290,617	\$ 3,905,963	\$ 4,278	\$ 35,128	\$ 4,683,878	\$ 130,902	\$ 5,738,504	(\$ 121,639)	\$ 4,395	\$ 18,672,026
Net income for the period		-	-	-	-	-	-	559,386	-	-	559,386
Other comprehensive income (loss)	6(7)(18)	-	-	-	-	-	-	200	(35,509)	(5,212)	(40,521)
Total comprehensive income (loss)		-	-	-	-	-	-	559,586	(35,509)	(5,212)	518,865
<u>Appropriation and distribution of 2020 earnings</u>											
Cash dividends	6(17)	-	-	-	-	-	-	(1,094,107)	-	-	(1,094,107)
Cash payment from capital surplus	6(17)	-	(214,531)	-	-	-	-	-	-	-	(214,531)
Net gain on disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	4,143	-	(4,143)	-
Balance at March 31, 2021		\$ 4,290,617	\$ 3,691,432	\$ 4,278	\$ 35,128	\$ 4,683,878	\$ 130,902	\$ 5,208,126	(\$ 157,148)	(\$ 4,960)	\$ 17,882,253
<u>Three months ended March 31, 2022</u>											
Balance at January 1, 2022		\$ 4,290,617	\$ 3,691,432	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 7,083,072	(\$ 197,932)	\$ 7,417	\$ 19,834,835
Net income for the period		-	-	-	-	-	-	779,444	-	-	779,444
Other comprehensive income (loss)	6(7)(18)	-	-	-	-	-	-	(219)	47,886	(13,252)	34,415
Total comprehensive income (loss)		-	-	-	-	-	-	779,225	47,886	(13,252)	813,859
<u>Appropriation and distribution of 2021 earnings</u>											
Cash dividends (Note)	6(17)	-	-	-	-	-	-	(2,231,121)	-	-	(2,231,121)
Cash payment from capital surplus (Note)	6(17)	-	(343,249)	-	-	-	-	-	-	-	(343,249)
Balance at March 31, 2022		\$ 4,290,617	\$ 3,348,183	\$ 4,354	\$ 35,128	\$ 4,803,503	\$ 117,244	\$ 5,631,176	(\$ 150,046)	(\$ 5,835)	\$ 18,074,324

Note: The appropriation for cash dividends and cash payment from capital surplus have been resolved by the Board of Directors during its meeting on March 3, 2022, but have not yet been reported to the shareholders.

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

	Notes	Three months ended March 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 981,585	\$ 661,803
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(22)	2,950	(72,659)
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(8)	(8,585)	(8,757)
(Impairment gain) expected credit loss	6(4)	(279)	3,380
Gain on disposal of non-current assets held for sale	6(22)	(344,520)	-
Loss on disposal of property, plant and equipment	6(22)	436	-
Depreciation	6(23)	58,579	64,360
Interest income	6(20)	(9,263)	(57,202)
Interest expense	6(10)	182	372
Dividend income	6(7)(22)	(1,155)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(961,813)	(224,846)
Notes receivable		2,485	(660)
Accounts receivable		(70,974)	(288,389)
Accounts receivable - related parties		(100)	(68)
Other receivables		51,192	3,322
Inventories		268,645	(162,545)
Other current assets		(11,384)	2,676
Changes in operating liabilities			
Accounts payable		(329,629)	183,609
Accounts payable - related parties		(3,463)	4,259
Other payables		(26,142)	90
Other current liabilities		454,993	(36,634)
Other non-current liabilities		1,670	(1,188)
Cash inflow generated from operations		55,410	70,923
Dividends received		1,155	-
Interest received		8,925	59,317
Income tax refund (paid)		399	(61,340)
Net cash flows from operating activities		<u>65,889</u>	<u>68,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current financial assets at fair value through profit or loss		41,155	-
Acquisition of non-current financial assets at fair value through profit or loss		-	(68,088)
Proceeds from disposal of financial assets at amortised cost		1,450,000	1,762,654
Acquisition of financial assets at amortised cost		(2,037,094)	(1,286,836)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(7)	-	29,097
Acquisition of non-current financial assets at fair value through other comprehensive income		(71,040)	(208,902)
Proceeds from disposal of non-current assets held for sale		456,158	-
Proceeds from disposal of property, plant and equipment		160	-
Acquisition of property, plant and equipment	6(9)(26)	(5,016)	(4,121)
Acquisition of investment property	6(12)	-	(842)
(Increase) decrease in other non-current financial assets		(5,226)	1,166
Net cash flows (used in) from investing activities		<u>(170,903)</u>	<u>224,128</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(3,434)	(5,132)
Net cash flows used in financing activities		<u>(3,434)</u>	<u>(5,132)</u>
Effect of exchange rate changes		(15,614)	(27,209)
Net (decrease) increase in cash and cash equivalents		(124,062)	260,687
Cash and cash equivalents at beginning of period		2,018,106	736,852
Cash and cash equivalents at end of period		<u>\$ 1,894,044</u>	<u>\$ 997,539</u>

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of 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 the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference 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 contracts-cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 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) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs 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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The 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 and basis of consolidation 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 at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
- 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 of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2021.

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Transcend Taiwan	Saffire Investment Ltd. (Saffire)	Investment holdings	100	100	100	
	Transcend Japan Inc. (Transcend Japan)	Wholesale and import of computer memory modules and peripheral products	100	100	100	Note 1
	Transcend Information Inc. (Transcend USA)	Wholesale and import of computer memory modules and peripheral products	100	100	100	"
	Transcend Korea Inc. (Transcend Korea)	Wholesale and import of computer memory modules and peripheral products	100	100	100	"

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Wholesale and import of computer memory modules and peripheral products	100	100	100	Note 1
	Transcend Information Trading GmbH (Transcend Germany)	Wholesale and import of computer memory modules and peripheral products	100	100	100	"
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	100	100	100	Note 2
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	100	100	100	Note 1
	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Wholesale and import of computer memory modules and peripheral products	100	100	100	"

Note 1: The financial statements of insignificant subsidiary as of and for the three months ended March 31, 2022 and 2021 were not reviewed by independent auditors.

Note 2: The financial statements as of and for the three months ended March 31, 2021 were not reviewed by independent auditors.

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

D. Adjustment for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

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

There was no significant change during this period. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and petty cash	\$ 184	\$ 217	\$ 692
Checking accounts and demand deposits	1,803,740	1,931,009	996,847
Time deposits	90,120	86,880	-
	<u>\$ 1,894,044</u>	<u>\$ 2,018,106</u>	<u>\$ 997,539</u>

A. The aforementioned time deposits pertain to high liquidity investments with maturity within three months.

B. 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.

C. The Group has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 1,501,948	\$ 1,501,948	\$ 3,701,442
Financial products	983,655	-	24,759
Valuation adjustments	7,607	4,647	12,139
	<u>\$ 2,493,210</u>	<u>\$ 1,506,595</u>	<u>\$ 3,738,340</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Beneficiary certificates	\$ 61,481	\$ 100,976	\$ 679,151
Valuation adjustments	3,012	10,623	203,832
	<u>\$ 64,493</u>	<u>\$ 111,599</u>	<u>\$ 882,983</u>

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

	Three months ended March 31,	
	2022	2021
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	(\$ 4,926)	\$ 72,515
Financial products	1,976	144
	<u>(\$ 2,950)</u>	<u>\$ 72,659</u>

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

(3) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Time deposits with original maturity of more than three months	\$ 6,184,947	\$ 5,567,177	\$ 5,183,485

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

	Three months ended March 31,	
	2022	2021
Interest income	\$ 6,578	\$ 8,035

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group transacts time deposits with reputable domestic and foreign banks. The Group's counterparties have good credit quality, and the impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 14	\$ 2,499	\$ 1,419
Accounts receivable	\$ 1,694,258	\$ 1,623,284	\$ 1,723,709
Less: Loss allowance	(530)	(800)	(4,154)
	<u>\$ 1,693,728</u>	<u>\$ 1,622,484</u>	<u>\$ 1,719,555</u>

A. As of March 31, 2022, December 31, 2021 and March 31, 2021, the estimated sales discounts and allowances were \$66,991, \$63,361 and \$93,043, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

B. The ageing analysis of accounts receivable and notes receivable is as follows:

	March 31, 2022	
	Accounts receivable	Notes receivable
Not past due	\$ 1,447,614	\$ 14
Up to 30 days	229,806	-
31 to 90 days	10,657	-
91 to 180 days	1,381	-
Over 180 days	4,800	-
	<u>\$ 1,694,258</u>	<u>\$ 14</u>

	December 31, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 1,347,477	\$ 2,499
Up to 30 days	258,288	-
31 to 90 days	11,418	-
91 to 180 days	406	-
Over 180 days	5,695	-
	<u>\$ 1,623,284</u>	<u>\$ 2,499</u>

	March 31, 2021	
	Accounts receivable	Notes receivable
Not past due	\$ 1,549,514	\$ 1,419
Up to 30 days	154,076	-
31 to 90 days	8,019	-
91 to 180 days	2,515	-
Over 180 days	9,585	-
	<u>\$ 1,723,709</u>	<u>\$ 1,419</u>

The above ageing analysis was based on past due date.

C. The Group has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Group will receive 90% of the losses resulting from non-payment.

D. As of March 31, 2022, December 31, 2021 and March 31, 2021, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of notes receivable and accounts receivable from contracts with customers amounted to \$1,439,523.

- E. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$14, \$2,499 and \$1,419, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$1,693,728, \$1,622,484 and \$1,719,555, respectively.
- F. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.
- G. The Group wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On March 31, 2022, December 31, 2021 and March 31, 2021, the Group has no written-off financial assets that are still under recourse procedures.
- H. The Group used forecastability, historical and timely information to assess the loss rate of accounts receivable. As of March 31, 2022, December 31, 2021 and March 31, 2021, the provision matrix is as follows:

	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>March 31, 2022</u>				
Expected loss rate	0.002%~0.502%	0.014%~38%	25%~100%	
Total book value	\$ 1,447,614	\$ 241,844	\$ 4,800	\$ 1,694,258
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>December 31, 2021</u>				
Expected loss rate	0.002%~0.496%	0.015%~36%	25%~100%	
Total book value	\$ 1,347,477	\$ 270,112	\$ 5,695	\$ 1,623,284
	<u>Not past due</u>	<u>1-180 days past due</u>	<u>Over 180 days past due</u>	<u>Total</u>
<u>March 31, 2021</u>				
Expected loss rate	0.003%~0.392%	0.017%~34%	25%~100%	
Total book value	\$ 1,549,514	\$ 164,610	\$ 9,585	\$ 1,723,709

I. The balance of allowance for loss and movements are as follows:

	2022	
	Accounts receivable	Notes receivable
At January 1	\$ 800	\$ -
Reversal of impairment	(279)	-
Effect of exchange rate changes	9	-
At March 31	<u>\$ 530</u>	<u>\$ -</u>

	2021	
	Accounts receivable	Notes receivable
At January 1	\$ 4,310	\$ -
Provision for impairment	3,380	-
Reclassified to other income	(3,444)	-
Effect of exchange rate changes	(92)	-
At March 31	<u>\$ 4,154</u>	<u>\$ -</u>

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

(5) Inventories

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,371,964	(\$ 110,092)	\$ 4,261,872
Work in progress	592,884	(1,096)	591,788
Finished goods	658,542	(6,022)	652,520
	<u>\$ 5,623,390</u>	<u>(\$ 117,210)</u>	<u>\$ 5,506,180</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,555,175	(\$ 48,311)	\$ 4,506,864
Work in progress	604,979	(438)	604,541
Finished goods	667,191	(3,771)	663,420
	<u>\$ 5,827,345</u>	<u>(\$ 52,520)</u>	<u>\$ 5,774,825</u>

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,118,385	(\$ 26,198)	\$ 2,092,187
Work in progress	728,114	(432)	727,682
Finished goods	535,023	(1,881)	533,142
	<u>\$ 3,381,522</u>	<u>(\$ 28,511)</u>	<u>\$ 3,353,011</u>

A. The cost of inventories recognized as expense for the period:

	Three months ended March 31,	
	2022	2021
Cost of goods sold	\$ 2,524,443	\$ 2,652,423
Loss on (gain on reversal of) decline in market value of inventory	64,690	(6,651)
	<u>\$ 2,589,133</u>	<u>\$ 2,645,772</u>

The gain on reversal of decline in market value of inventory for the three months ended March 31, 2021 was due to an increase in market value of inventory.

B. No inventories were pledged to others.

(6) Non-current assets held for sale

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings and structures held for sale	\$ 292,423	\$ 143,596	\$ -
Right-of-use assets held for sale - land	74,447	16,380	-
Machinery held for sale	2,231	-	-
Vehicles held for sale	18	-	-
Office equipment held for sale	241	-	-
Other equipment held for sale	2,069	-	-
	<u>\$ 371,429</u>	<u>\$ 159,976</u>	<u>\$ -</u>

- A. On November 26, 2021, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell its buildings in response to the land expropriation. As of December 31, 2021, the related assets transferred to non-current assets held for sale amounted to \$159,976.
- B. On February 18, 2022, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Shanghai, resolved to sell land use rights, buildings and ancillary structures located in Fengxian District, Shanghai. As of March 31, 2022, the related assets transferred to non-current assets held for sale amounted to \$371,429.
- C. The carrying amount of non-current assets held for sale was lower than the fair value less costs to sell based on the assessment. Thus, no impairment has occurred. Refer to table 3 for related transactions.

(7) Non-current financial assets at fair value through other comprehensive income

<u>Items</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 692,074	\$ 621,034	\$ 289,428
Others	1,125	1,125	1,125
	<u>693,199</u>	<u>622,159</u>	<u>290,553</u>
Valuation adjustments	(5,835)	7,417	(4,960)
	<u>\$ 687,364</u>	<u>\$ 629,576</u>	<u>\$ 285,593</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$687,364, \$629,576 and \$285,593 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- B. For the three months ended March 31, 2021, the Group disposed equity investments whose fair value was \$29,097, and the cumulative gain on disposal was transferred to retained earnings in the amount of \$4,143. There was no such transaction for the three months ended March 31, 2022.

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:

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive loss	(\$ 13,252)	(\$ 5,212)
Cumulative gain reclassified to retained earnings due to derecognition	\$ -	\$ 4,143
Dividend income recognized in profit or loss		
Held at end of period	\$ 1,155	\$ -
Derecognized during the period	-	-
	<u>\$ 1,155</u>	<u>\$ -</u>

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

(8) Investments accounted for using equity method

<u>Investee Company</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Taiwan IC Packaging Corp.	\$ 156,879	\$ 148,514	\$ 104,681

A. The basic information of the associate that is material to the Group is as follows:

<u>Associate name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>			<u>Nature of relationship</u>	<u>Method of measurement</u>
		<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>		
Taiwan IC Packaging Corp.	Taiwan	12.49%	12.52%	12.74%	Note	Equity method

Note: Taiwan IC Packaging Corp. is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corp. processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.49% equity interest in Taiwan IC Packaging Corp., and is the company's largest single shareholder. However, the Group does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corp. and the Group has no seat in the Board of Directors of Taiwan IC Packaging Corp., which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corp. In addition, the Company's chairman is the same with Taiwan IC Packaging Corp.; hence, the Group has significant influence over Taiwan IC Packaging Corp.

C. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Taiwan IC Packaging Corp.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,390,685	\$ 1,408,762	\$ 965,306
Non-current assets	1,197,916	1,219,160	1,227,340
Current liabilities	(440,918)	(374,580)	(284,700)
Non-current liabilities	(73,262)	(83,523)	(85,651)
Total net assets	<u>\$ 2,074,421</u>	<u>\$ 2,169,819</u>	<u>\$ 1,822,295</u>
Share in associate's net assets	\$ 259,095	\$ 271,661	\$ 232,187
Net equity differences	(102,216)	(123,147)	(127,506)
	<u>\$ 156,879</u>	<u>\$ 148,514</u>	<u>\$ 104,681</u>

Statement of comprehensive income

	Taiwan IC Packaging Corp.	
	Three months ended March 31,	
	2022	2021
Revenue	\$ 385,235	\$ 411,183
Profit for the period from continuing operations	\$ 59,320	\$ 68,335
Total comprehensive income	<u>\$ 70,334</u>	<u>\$ 68,335</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

D. Share of profit of associates accounted for using the equity method is as follows:

	Three months ended March 31,	
Investee Company	2022	2021
Taiwan IC Packaging Corp.	<u>\$ 8,585</u>	<u>\$ 8,757</u>

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was \$354,426, \$446,724 and \$334,120 as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

(9) Property, plant and equipment

	2022						
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Vehicles</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>							
Cost	\$ 712,136	\$ 2,227,274	\$ 383,459	\$ 27,859	\$ 32,077	\$ 48,096	\$ 3,430,901
Accumulated depreciation	-	(1,146,125)	(268,788)	(16,915)	(21,226)	(35,834)	(1,488,888)
	<u>\$ 712,136</u>	<u>\$ 1,081,149</u>	<u>\$ 114,671</u>	<u>\$ 10,944</u>	<u>\$ 10,851</u>	<u>\$ 12,262</u>	<u>\$ 1,942,013</u>
Opening net book amount as at January 1	\$ 712,136	\$ 1,081,149	\$ 114,671	\$ 10,944	\$ 10,851	\$ 12,262	\$ 1,942,013
Additions (including transfers)	-	1,931	9,597	-	420	800	12,748
Disposals	-	-	(120)	-	-	(476)	(596)
Transfers to non-current assets held for sale	-	(292,423)	(2,231)	(18)	(241)	(2,069)	(296,982)
Depreciation charge	-	(22,717)	(15,318)	(1,127)	(996)	(1,563)	(41,721)
Net exchange differences	(1,158)	10,962	105	13	70	83	10,075
Closing net book amount as at March 31	<u>\$ 710,978</u>	<u>\$ 778,902</u>	<u>\$ 106,704</u>	<u>\$ 9,812</u>	<u>\$ 10,104</u>	<u>\$ 9,037</u>	<u>\$ 1,625,537</u>
<u>At March 31</u>							
Cost	\$ 710,978	\$ 1,425,094	\$ 360,653	\$ 27,804	\$ 30,269	\$ 23,908	\$ 2,578,706
Accumulated depreciation	-	(646,192)	(253,949)	(17,992)	(20,165)	(14,871)	(953,169)
	<u>\$ 710,978</u>	<u>\$ 778,902</u>	<u>\$ 106,704</u>	<u>\$ 9,812</u>	<u>\$ 10,104</u>	<u>\$ 9,037</u>	<u>\$ 1,625,537</u>

	2021						
	Land	Buildings and structures	Machinery	Vehicles	Office equipment	Others	Total
<u>At January 1</u>							
Cost	\$ 725,983	\$ 2,601,967	\$ 418,357	\$ 26,892	\$ 28,116	\$ 52,518	\$ 3,853,833
Accumulated depreciation	-	(1,257,196)	(243,085)	(12,767)	(21,134)	(37,327)	(1,571,509)
	<u>\$ 725,983</u>	<u>\$ 1,344,771</u>	<u>\$ 175,272</u>	<u>\$ 14,125</u>	<u>\$ 6,982</u>	<u>\$ 15,191</u>	<u>\$ 2,282,324</u>
Opening net book amount as at January 1	\$ 725,983	\$ 1,344,771	\$ 175,272	\$ 14,125	\$ 6,982	\$ 15,191	\$ 2,282,324
Additions (including transfers)	-	-	937	-	3,084	100	4,121
Depreciation charge	-	(26,647)	(16,671)	(1,073)	(689)	(1,508)	(46,588)
Net exchange differences	(6,814)	(8,483)	(17)	(21)	(163)	(20)	(15,518)
Closing net book amount as at March 31	<u>\$ 719,169</u>	<u>\$ 1,309,641</u>	<u>\$ 159,521</u>	<u>\$ 13,031</u>	<u>\$ 9,214</u>	<u>\$ 13,763</u>	<u>\$ 2,224,339</u>
<u>At March 31</u>							
Cost	\$ 719,169	\$ 2,584,045	\$ 408,104	\$ 26,843	\$ 30,190	\$ 49,217	\$ 3,817,568
Accumulated depreciation	-	(1,274,404)	(248,583)	(13,812)	(20,976)	(35,454)	(1,593,229)
	<u>\$ 719,169</u>	<u>\$ 1,309,641</u>	<u>\$ 159,521</u>	<u>\$ 13,031</u>	<u>\$ 9,214</u>	<u>\$ 13,763</u>	<u>\$ 2,224,339</u>

A. The relevant assets of the Group recognized as property, plant and equipment are all for self-use.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 6,105	\$ 82,013	\$ 127,747
Buildings	38,250	41,158	51,238
Transportation equipment (business vehicles)	715	883	1,578
	<u>\$ 45,070</u>	<u>\$ 124,054</u>	<u>\$ 180,563</u>

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,679	\$ 9,784
Buildings	3,855	4,691
Transportation equipment (business vehicles)	180	222
	<u>\$ 13,714</u>	<u>\$ 14,697</u>

C. For the three months ended March 31, 2022 and 2021, the additions to right-of-use assets were \$5,591 and \$9,917, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 182	\$ 372
Expense on short-term lease contracts	1,717	2,208
Expense on leases of low-value assets	310	364

E. For the three months ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$5,461 and \$7,704, respectively.

F. On February 18, 2022, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Information (Shanghai), Ltd., approved a resolution for a sale transaction. Refer to Note 6(6) for details of right-of-use assets transferred to non-current assets held for sale.

(11) Leasing arrangements-lessor

- A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. For the three months ended March 31, 2022 and 2021, the Group recognized rent income in the amount of \$9,398 and \$8,734, respectively, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease receivables under the operating leases is as follows:

	<u>March 31, 2022</u>		<u>December 31, 2021</u>		<u>March 31, 2021</u>			
2022	\$	41,233	2022	\$	38,925	2021	\$	19,643
2023		44,947	2023		26,757	2022		7,416
2024		33,803	2024		16,806	2023		5,448
2025		18,965	2025		9,406	2024		1,362
2026		12,664	2026		9,406	2025		-
2027		815	2027		-	2026		-
	\$	<u>152,427</u>		\$	<u>101,300</u>		\$	<u>33,869</u>

(12) Investment property

	<u>2022</u>		
	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 461,381	\$ 2,730,107
Accumulated depreciation	-	(128,019)	(128,019)
	<u>\$ 2,268,726</u>	<u>\$ 333,362</u>	<u>\$ 2,602,088</u>
Opening net book amount as at January 1	\$ 2,268,726	\$ 333,362	\$ 2,602,088
Depreciation charge	-	(3,144)	(3,144)
Net exchange differences	-	1,549	1,549
Closing net book amount as at March 31	<u>\$ 2,268,726</u>	<u>\$ 331,767</u>	<u>\$ 2,600,493</u>
<u>At March 31</u>			
Cost	\$ 2,268,726	\$ 464,916	\$ 2,733,642
Accumulated depreciation	-	(133,149)	(133,149)
	<u>\$ 2,268,726</u>	<u>\$ 331,767</u>	<u>\$ 2,600,493</u>

	2021		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 2,268,726	\$ 459,716	\$ 2,728,442
Accumulated depreciation	-	(116,016)	(116,016)
	<u>\$ 2,268,726</u>	<u>\$ 343,700</u>	<u>\$ 2,612,426</u>
Opening net book amount as at January 1	\$ 2,268,726	\$ 343,700	\$ 2,612,426
Additions (including transfers)	-	842	842
Depreciation charge	-	(3,075)	(3,075)
Net exchange differences	-	(349)	(349)
Closing net book amount as at March 31	<u>\$ 2,268,726</u>	<u>\$ 341,118</u>	<u>\$ 2,609,844</u>
<u>At March 31</u>			
Cost	\$ 2,268,726	\$ 459,831	\$ 2,728,557
Accumulated depreciation	-	(118,713)	(118,713)
	<u>\$ 2,268,726</u>	<u>\$ 341,118</u>	<u>\$ 2,609,844</u>

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	Three months ended March 31,	
	2022	2021
Rental income from investment property	<u>\$ 9,398</u>	<u>\$ 8,734</u>
Direct operating expenses arising from investment property that generated rental income	<u>\$ 2,969</u>	<u>\$ 2,900</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>\$ 175</u>	<u>\$ 175</u>

B. The fair value of the investment property held by the Group was \$5,709,714, \$5,702,362 and \$5,407,192 as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(13) Other non-current assets

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Guarantee deposits paid	\$ 31,783	\$ 31,414	\$ 31,861
Prepayment for business facilities	9,464	12,416	-
Others	15,592	15,515	14,384
	<u>\$ 56,839</u>	<u>\$ 59,345</u>	<u>\$ 46,245</u>

(14) Pensions

A. Defined benefit plan

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. Under the defined benefit 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 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. 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 to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$161 and \$166 for the three months ended March 31, 2022 and 2021, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$1,474.

B. Defined contribution plans

- (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) Transcend Shanghai, Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions 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 a certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2022 and 2021 were \$10,107 and \$10,479, respectively.

(15) Share capital

As of March 31, 2022, the Company's authorized capital was \$5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was \$4,290,617 with par value of \$10 per share. All proceeds from shares issued have been collected. The Company's ordinary shares outstanding at the beginning and at the end of the period were 429,062 thousand shares for the three months ended March 31, 2022 and 2021.

(16) 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 shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.

- B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Cash dividends shall account for at least 5% of the total dividends distributed.
- 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. 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.
- E. The appropriations of earnings and cash payment from capital surplus for the year ended December 31, 2021 have been resolved by the Board of Directors on March 3, 2022 and the appropriations of earnings and cash payment from capital surplus for the year ended December 31, 2020 have been resolved by the Board of Directors on March 4, 2021. Details are summarized below:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 254,464		\$ 119,625	
Appropriation for (reversal of) special reserve	73,270		(13,658)	
Cash dividends	<u>2,231,121</u>	\$ 5.20	<u>1,094,107</u>	\$ 2.55
	<u>\$ 2,558,855</u>		<u>\$ 1,200,074</u>	
		Cash payment per share (in dollars)		Cash payment per share (in dollars)
	Amount		Amount	
Cash payment from capital surplus	<u>\$ 343,249</u>	\$ 0.80	<u>\$ 214,531</u>	\$ 0.50

Actual distribution of retained earnings for 2020 was in agreement with the amounts resolved by the Board of Directors. The appropriation for cash dividends from 2021 earnings and cash payment from capital surplus have been resolved by the Board of Directors during its meeting on March 3, 2022, but have not yet been reported to the shareholders. Related liabilities were shown as other payables. The appropriations for legal reserve and special reserve from 2021 earnings have yet to be resolved at the shareholders' meeting for 2022.

(18) Other equity items

	2022		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 7,417	(\$ 197,932)	(\$ 190,515)
Revaluation - gross	(13,252)	-	(13,252)
Currency translation differences	-	59,858	59,858
Effect from income tax	-	(11,972)	(11,972)
At March 31	<u>(\$ 5,835)</u>	<u>(\$ 150,046)</u>	<u>(\$ 155,881)</u>

	2021		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	\$ 4,395	(\$ 121,639)	(\$ 117,244)
Revaluation - gross	(5,212)	-	(5,212)
Revaluation transferred to retained earnings - gross	(4,143)	-	(4,143)
Currency translation differences	-	(44,385)	(44,385)
Effect from income tax	-	8,876	8,876
At March 31	<u>(\$ 4,960)</u>	<u>(\$ 157,148)</u>	<u>(\$ 162,108)</u>

(19) Operating revenue

	Three months ended March 31,	
	2022	2021
Sales revenue	<u>\$ 3,449,636</u>	<u>\$ 3,498,620</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

Three months ended March 31, 2022	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 779,541	\$ 1,115,212	\$ 582,386	\$ 777,381	\$ 195,116	\$ 3,449,636

Three months ended March 31, 2021	Electronic products					Total
	Taiwan	Asia	America	Europe	Others	
Revenue from external customer contracts	\$ 846,521	\$ 1,219,066	\$ 288,416	\$ 925,592	\$ 219,025	\$ 3,498,620

B. Contract assets and liabilities

The Group has no revenue-related contract assets and liabilities.

(20) Interest income

	Three months ended March 31,	
	2022	2021
Interest income from bank deposits	\$ 189	\$ 102
Interest income from financial assets measured at amortised cost	6,578	8,035
Other interest income	2,496	49,065
	<u>\$ 9,263</u>	<u>\$ 57,202</u>

(21) Other income

	Three months ended March 31,	
	2022	2021
Rental income	<u>\$ 9,398</u>	<u>\$ 8,734</u>

(22) Other gains and losses

	Three months ended March 31,	
	2022	2021
Loss on disposal of property, plant and equipment	(\$ 436)	\$ -
Net currency exchange gain (loss)	85,568	(10,402)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(2,950)	72,659
Dividend income	1,155	-
Gain on disposal of non-current assets held for sale	344,520	-
Others	2,624	6,770
	<u>\$ 430,481</u>	<u>\$ 69,027</u>

(23) Expenses by nature

	Three months ended March 31,	
	2022	2021
Wages and salaries	\$ 338,925	\$ 329,522
Labor and health insurance fees	31,246	30,112
Pension costs	10,268	10,645
Other personnel expenses	14,578	13,316
Depreciation on property, plant and equipment (including investment property and right-of-use assets)	58,579	64,360

- 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 1% for employees' compensation and shall not be higher than 0.2% for directors' and supervisors' remuneration.
- B. For the three months ended March 31, 2022 and 2021, employees' compensation was accrued at \$10,149 and \$7,018, respectively; while directors' remuneration was accrued at \$0 and \$982, respectively. The aforementioned amounts were recognized in salary expenses.
- C. The employees' compensation was estimated and accrued based on 1% of distributable profit of current period for the three months ended March 31, 2022. As of March 31, 2022, no directors' remuneration was accrued.
- D. The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2021 financial statements by \$1,149 and \$1,377, respectively, have been adjusted in profit or loss for 2022. The employees' compensation and directors' and supervisors' remuneration for 2021 have yet to be paid.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the period	\$ 134,480	\$ 109,410
Prior year income tax underestimation (overestimation)	<u>1,539</u>	<u>(5,430)</u>
Total current tax	<u>136,019</u>	<u>103,980</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>66,122</u>	<u>(1,563)</u>
Total deferred tax	<u>66,122</u>	<u>(1,563)</u>
Income tax expense	<u>\$ 202,141</u>	<u>\$ 102,417</u>

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

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Exchange differences on translation of foreign financial statements	<u>\$ 11,972</u>	<u>(\$ 8,876)</u>

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

(25) Earnings per share

	Three months ended March 31, 2022		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 779,444	429,062	\$ 1.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 779,444	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	435	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 779,444	429,497	\$ 1.81

	Three months ended March 31, 2021		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 559,386	429,062	\$ 1.30
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 559,386	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	334	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 559,386	429,396	\$ 1.30

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Three months ended March 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 12,748	\$ 4,121
Less: Transfers from prepayment for business facilities	(7,732)	-
Cash paid during the period	<u>\$ 5,016</u>	<u>\$ 4,121</u>

B. Financing activities with no cash flow effects:

	Three months ended March 31,	
	2022	2021
Cash dividends	\$ 2,231,121	\$ 1,094,107
Cash payment from capital surplus	343,249	214,531
Less: Shown as other payables	(2,574,370)	(1,308,638)
Financing cash flows	<u>\$ -</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended March 31,	
	2022	2021
Sales of goods		
Associates accounted for using the equity method	<u>\$ 496</u>	<u>\$ 382</u>

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	<u>Three months ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of goods		
Associates accounted for using the equity method	<u>\$ 72,353</u>	<u>\$ 57,198</u>

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging Corporation is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Receivables from related parties

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts receivable:			
Associates accounted for using equity method	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 68</u>

The receivables from related parties arise mainly from sales transactions. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Payables to related parties

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Accounts payable:			
Associates accounted for using equity method	<u>\$ 48,778</u>	<u>\$ 52,241</u>	<u>\$ 41,675</u>

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

E. Leasing arrangements - lessee

The Company signed a land lease contract with its related party, Won Chin and Cheng Chuan, to build a new plant on the leased land with a lease term of 3 years from June 12, 2019 to June 11, 2022. The lease renewal has been resolved by the Board of Directors during its meeting on March 3, 2022. The annual rental payment is \$37,058 (excluding tax), which was determined based on the average rent of land near the leased land shown in the appraisal report issued by Sinyi Real Estate Appraisers Firm. Rent was paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balance of related right-of-use assets amounted to \$6,105, \$15,263 and \$42,736 while lease liabilities amounted to \$0, \$0 and \$36,948, respectively.

(3) Key management compensation

	Three months ended March 31,	
	2022	2021
Salaries and other employee benefits	\$ 14,039	\$ 11,368

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged assets</u>	<u>Book value</u>			<u>Pledge purpose</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
Property, plant and equipment	\$ 124,490	\$ 127,675	\$ 138,199	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of March 31, 2022, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets mandatorily measured at fair value through profit or loss	\$ 2,557,703	\$ 1,618,194	\$ 4,621,323
Financial assets at fair value through other comprehensive income	687,364	629,576	285,593
Financial assets at amortised cost			
Cash and cash equivalents	1,894,044	2,018,106	997,539
Financial assets at amortised cost	6,184,947	5,567,177	5,183,485
Notes receivable	14	2,499	1,419
Accounts receivable (including related parties)	1,693,828	1,622,484	1,719,623
Other receivables	108,680	108,850	65,914
Refundable deposits	31,783	31,414	31,861
	<u>\$ 13,158,363</u>	<u>\$ 11,598,300</u>	<u>\$ 12,906,757</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Accounts payable (including related parties)	\$ 1,083,984	\$ 1,417,076	\$ 1,359,550
Other payables	<u>2,834,396</u>	<u>286,168</u>	<u>1,555,363</u>
	<u>\$ 3,918,380</u>	<u>\$ 1,703,244</u>	<u>\$ 2,914,913</u>
Lease liabilities	<u>\$ 39,841</u>	<u>\$ 42,950</u>	<u>\$ 89,761</u>

B. Financial risk management policies

There was no significant change during this period. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021 for related information.

C. Significant financial risks and degrees of financial risks

There is no significant change except for the following information. Refer to Note 12 in the consolidated financial statements for the year ended December 31, 2021 for the related information.

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Exchange rate 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 functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR, GBP and RMB, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2022				
	Foreign currency	Foreign currency amount	Exchange rate	Book value
Financial assets	USD : NTD	\$ 112,082	28.63	\$ 3,208,908
	RMB : NTD	20,373	4.506	91,801
	EUR : NTD	1,789	31.92	57,105
	GBP : NTD	675	37.62	25,394
	GBP : EUR	2,129	1.1786	80,093
	USD : EUR	2,380	0.8969	68,139
	USD : HKD	795	7.831	22,761
Financial liabilities	USD : NTD	\$ 31,142	28.63	\$ 891,595
December 31, 2021				
	Foreign currency	Foreign currency amount	Exchange rate	Book value
Financial assets	USD : NTD	\$ 104,112	27.68	\$ 2,881,820
	RMB : NTD	28,260	4.344	122,761
	EUR : NTD	1,492	31.32	46,729
	JPY : NTD	90,334	0.241	21,725
	GBP : EUR	1,887	1.1909	70,385
	USD : EUR	1,712	0.8838	47,388
Financial liabilities	USD : NTD	\$ 41,900	27.68	\$ 1,159,792
March 31, 2021				
	Foreign currency	Foreign currency amount	Exchange rate	Book value
Financial assets	USD : NTD	\$ 35,390	28.54	\$ 1,010,031
	EUR : NTD	7,068	33.48	236,637
	RMB : NTD	11,391	4.3440	49,483
	JPY : NTD	90,240	0.2577	23,255
	USD : EUR	2,865	0.8524	81,767
	USD : HKD	824	7.7766	23,517
	GBP : EUR	1,354	1.1717	53,117
Financial liabilities	USD : NTD	\$ 40,501	28.54	\$ 1,155,899

The information on total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2022 and 2021 is provided in Note 6(22).

Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by \$23,173 and \$1,459 for the three months ended March 31, 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

- i. The Group's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.
- ii. The Group has not used any financial instruments to hedge its interest rate risk.

(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.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Group assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group determines that the default occurs when the contract payments are past due over 180 days.
- iv. The Group adopts the 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.
- v. For details of credit risk in relation to accounts receivable and notes receivable, refer to Note 6(4).

(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 take 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 beneficiary certificates 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 non-hedging derivatives is included in Level 2.

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

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values.

D. The related information on 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 are as follows:

March 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,572,112	\$ -	\$ -	\$ 1,572,112
Financial products	-	-	985,591	985,591
Financial assets at fair value through other comprehensive income				
Equity securities	<u>686,239</u>	<u>-</u>	<u>1,125</u>	<u>687,364</u>
	<u>\$ 2,258,351</u>	<u>\$ -</u>	<u>\$ 986,716</u>	<u>\$ 3,245,067</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 1,618,194	\$ -	\$ -	\$ 1,618,194
Financial assets at fair value through other comprehensive income				
Equity securities	<u>628,451</u>	<u>-</u>	<u>1,125</u>	<u>629,576</u>
	<u>\$ 2,246,645</u>	<u>\$ -</u>	<u>\$ 1,125</u>	<u>\$ 2,247,770</u>

March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 4,596,448	\$ -	\$ -	\$ 4,596,448
Financial products	-	-	24,875	24,875
Financial assets at fair value through other comprehensive income				
Equity securities	<u>284,468</u>	<u>-</u>	<u>1,125</u>	<u>285,593</u>
	<u>\$ 4,880,916</u>	<u>\$ -</u>	<u>\$ 26,000</u>	<u>\$ 4,906,916</u>

- E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.
- F. For the three months ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- H. The financial products purchased for the three months ended March 31, 2022 and 2021 were categorised as Level 3.
- I. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently review the fair value.
- J. The qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement is as follows: financial products are income investments, and the judgements of their valuation technique and significant unobservable inputs are based on the cash flow of individual contract.

(4) Other matter

Due to the strong demand in the industrial chain and the use of the Group's products in diverse applications this year, the Group's orders from domestic and foreign customers were not impacted by the COVID-19 pandemic. The operation and production headquarters in Taiwan have activated the relevant contingency mechanisms, adopted high-standard COVID-19 preventive measures and monitored employees' health condition on a daily basis. Overall, for the three months ended March 31, 2022, the pandemic had no significant impact on the Group's operations and financial performance and did not cause any suspension of work and production. Also, the Group has generated good sales and profit performance.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Refer to table 3.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the Company's paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 6.

(4) Major shareholders information

Major shareholders information: Refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chairman of the Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three months ended March 31,	
	2022	2021
Segment revenue	\$ 3,449,636	\$ 3,498,620
Segment income	\$ 779,444	\$ 559,386

(3) 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.

Transcend Information, Inc. and Subsidiaries
Provision of endorsements and guarantees to others
Three months ended March 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	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 March 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at March 31, 2022 (Note 5)	Actual amount drawn down (Note 6)	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 7)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Taiwan	Transcend Japan Inc.	2	\$ 3,614,865	\$ 486,400 (JPY \$2,000,000) (In thousands)	\$ 470,600 (JPY \$2,000,000) (In thousands)	\$ -	-	3	\$ 7,229,730	Y	-	-	-

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

- (a) The Company is '0'.
- (b) 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 seven categories; fill in the number of category each case belongs to:

- (a) Having business relationship
- (b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. (\$18,074,324*20%=\$3,614,865)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of March 31, 2022 is JPY\$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is \$0.

Note 7: Not exceeding 40% of the Company's net asset value.(\$18,074,324*40%=\$7,229,730)

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
March 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of March 31, 2022				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Transcend Taiwan	Stocks							
	TrendForce Corporation	-	Non-current financial assets at fair value through other comprehensive income	60,816	\$ 1,125	1	\$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	110,403	-	110,403	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	420,000	250,740	-	250,740	-
	MediaTek Inc.	-	"	40,000	36,200	-	36,200	-
	Fubon Financial Holding Co., Ltd.	-	"	1,067,016	81,626	-	81,626	-
	Cathay Financial Holding Co. Ltd.	-	"	200,000	12,900	-	12,900	-
	Yuanta Financial Holding Co., Ltd.	-	"	116,000	3,062	-	3,062	-
	CTBC Financial Holding Co., Ltd	-	"	100,000	2,940	-	2,940	-
	AU Optronics Corporation	-	"	200,000	3,970	-	3,970	-
	Innolux Corporation	-	"	200,000	3,360	-	3,360	-
	Formosa Plastics Corporation	-	"	262,000	27,903	-	27,903	-
	ASUSTek Computer Inc.	-	"	410,000	<u>153,135</u>	-	153,135	-
					<u>\$ 687,364</u>			
	Beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	110,142,508	<u>\$ 1,507,619</u>	-	\$ 1,507,619	-
	Yuanta Taiwan Top 50 ETF	-	Non-current financial assets at fair value through profit or loss	467,000	<u>\$ 64,493</u>	-	\$ 64,493	-
Transcend Information (Shanghai), Ltd.	Financial products							
	Financial products of Bank of China Limited	-	Current financial assets at fair value through profit or loss	-	\$ 985,071	-	\$ 985,071	-
	Financial products of Industrial and Commercial Bank of China	-	"	-	<u>520</u>	-	520	-
					<u>\$ 985,591</u>			

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

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc. and Subsidiaries
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
Three months ended March 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Date of the event	Date of acquisition	Book value	Transaction amount	Status of collection	Gain (loss) on disposal	Counterparty	Relationship	Purpose of disposal	Basis or reference used in setting the price	Other commitments
Transcend Information (Shanghai), Ltd.	Land use rights, buildings and accessories of 106/17 Hill, 2nd Neighborhood, Xidu Town, Fengxian, Shanghai	2021/11/26	May 2005 to December 2010	\$ 159,976	\$ 506,842	Note 2	\$ 344,520	Shanghai Fengpu Industrial Park Fengxian Comprehensive Bonded Zone (Shanghai Minhang Export Processing Zone Development Co.,Ltd.)	-	To cooperate with the government's expropriation policy	In accordance with the Shanghai Fengpu Industrial Park expropriation policy and expropriation compensation agreement	-
"	Land use rights, buildings and accessories of No. 300, Lane 3111, Huancheng West Road, Shanghai Industrial Development Zone, 25/6 Hill, 2 Neighborhood, Xidu Town, Fengxian District, and 25/7 Hill, 2 Neighborhood, Xidu Town, Fengxian District	2022/2/18	May 2005 to January 2014	371,429	Note 3	Note 3	Note 3	Shanghai Fengpu Construction Development Co., Ltd.	-	Activate assets and enhance working capital	Note 4	-

Note 1: Date of the event refers to the date of the Board of Directors' resolution.

Note 2: As of March 31, 2022, \$456,158 had been collected.

Note 3: The total transaction amount is expected to be RMB 392,000 thousand and the transfer of property rights has not yet been completed, therefore, no gain or loss on disposal has been recognized.

As of March 31, 2022, 30% of the compensation had been collected, which was shown as other current liabilities.

Note 4: The prices were determined in accordance with two valuation reports, amounting to RMB 391,970 thousand and RMB 385,610 thousand, respectively.

Transcend Information, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Three months ended March 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote
			Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Transcend Taiwan	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	\$ 151,821	5	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	\$ 59,533	4	-
"	Transcend Japan Inc.	The Company's subsidiary	"	142,526	4	"	"	"	78,251	5	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	125,913	4	"	"	"	13,426	1	-
"	Transcend Information, Inc.	The Company's subsidiary	"	125,325	4	"	"	"	14,494	1	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	105,534	3	"	"	"	9,212	1	-

Note 1: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc. and Subsidiaries
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Three months ended March 31, 2022

Table 5

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Information (Shanghai), Ltd.	Transcend Taiwan	Ultimate parent company	\$ 423,421	-	\$ 423,421	-	\$ -	-

Transcend Information, Inc. and Subsidiaries
Significant inter-company transactions during the period
Three months ended March 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Transcend Taiwan	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	\$ 151,821	There is no significant difference in unit price from those to third parties.	4
"	"	Transcend Japan Inc.	"	"	142,526	"	4
"	"	Transcend Information Europe B.V.	"	"	125,913	"	4
"	"	Transcend Information, Inc.	"	"	125,325	"	4
"	"	Transcend Information Trading GmbH	"	"	105,534	"	3
"	"	Transcend Korea Inc.	"	"	99,169	"	3
"	"	Transcend Information (H.K) Ltd.	"	"	46,205	"	1
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts Payable	(423,421)	120 days after monthly billings	(2)
1	Transcend Information Europe B.V.	Transcend Information Trading GmbH	3	Sales	39,665	There is no significant difference in unit price from those to third parties.	1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty 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.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

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.

Transcend Information, Inc. and Subsidiaries
Information on investees
Three months ended March 31, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three months ended March 31, 2022	Investment income (loss) recognized by the Company for the three months ended March 31, 2022 (Note 1)	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investment holdings	\$ 1,202,418	\$ 1,202,418	36,600,000	100	\$ 1,893,548	\$ 353,855	\$ 353,855	Note 2
	Transcend Japan Inc.	Japan	Wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	228,207	7,962	7,962	Note 2
	Transcend Information, Inc.	United States of America	Wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	184,919	251	251	Note 2
	Transcend Korea Inc.	Korea	Wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	64,739	10,181	10,181	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.49	156,879	59,320	8,585	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	1,156,920	1,156,920	55,132,000	100	1,873,627	353,901	353,901	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	233,858	8,768	8,768	Note 4
	Transcend Information Trading GmbH	Germany	Wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	119,285	4,635	4,635	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	32,919	2,105	2,105	Note 4

Note 1: The Company does not directly recognize the investment income (loss) except for the subsidiaries directly held.

Note 2: Subsidiary of the Company.

Note 3: Subsidiary of Saffire.

Note 4: Subsidiary of Memhiro.

Note 5: Refer to Note 6 (8).

Transcend Information, Inc. and Subsidiaries
Information on investments in Mainland China
Three months ended March 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 the three months ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income (loss) of investee for the three months ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three months ended March 31, 2022 (Note 2)	Book value of investments in Mainland China as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	\$ 1,134,178	2	\$ 1,134,178	-	-	\$ 1,134,178	\$ 314,452	100	\$ 314,452	\$ 1,409,855	\$ 1,464,028	-
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	8,568	100	8,568	56,866	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
Transcend Information (Shanghai), Ltd.	\$ 1,134,178	\$ 1,134,178	\$ -										
Transtech Trading (Shanghai) Co., Ltd.	16,310	16,310	-										
	<u>\$ 1,150,488</u>	<u>\$ 1,150,488</u>	<u>\$ 10,844,594</u>										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.
- (3) Others.

Note 2: The gain and loss on investment in Transtech Trading (Shanghai) Co., Ltd. recognized for the period was based on the financial statements that were not reviewed by independent auditors.

The gain and loss on investment in Transcend Information (Shanghai), Ltd. recognized for the period was based on the financial statements that were reviewed by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Transcend Information, Inc. and Subsidiaries
Major shareholders information
March 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,142,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87