FineTek Co., Ltd.

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FineTek Co., Ltd.

Opinion

We have audited the accompanying financial statements of FineTek Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2021 is described as follows:

<u>The validity of occurrence of revenue recognition</u>

The operating income of the Company for the year ended December 31, 2021 was $894,446 thousand, which represented an increase of 26% compared with the previous year. Out of this amount, sales from those customers whose individual sales growth rates exceeded the overall sales growth rate have material influence to the financial statements as a whole.

To meet shareholders' and external investors' expectations, the management of the Company may be under pressure to meet the profit target. Therefore, we assessed that the main risk of revenue recognition from the aforementioned company of customers is the validity of occurrence of the sales transactions from such customers, and we identified this as the key audit matter. The accounting policies related to revenue recognition are disclosed in Note 4(k) to the financial statements.

The audit procedures that we performed in respect of the sales revenue from the aforementioned customers are as follows:

1. We obtained an understanding of the internal controls related to the sales revenue from the aforementioned customers for the year ended December 31, 2021, evaluated the design of the key controls and tested the operating effectiveness of the controls.

2. We obtained the list of the aforementioned customers for the year ended December 31, 2021 and assessed that their backgrounds, transaction amounts and credit limits granted were reasonable and consistent with their scale.

3. We selected samples of sales transactions from the aforementioned customers and checked the details of the external shipping documents and also for any abnormalities in the transaction terms and collection of receivables, and we confirmed that sales were valid and did occur.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao Mei Chen and Keng Hsi Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

<u>Notice to Readers</u>

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

FINETEK CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 186,727	9	$ 204,193	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	38,330	2	27,441	2
Financial assets at amortized cost - current (Notes 4, 9 and 33)	26,364	2	300	-
Notes receivable (Notes 4, 11 and 23)	23,652	1	13,064	1
Trade receivables (Notes 4, 11 and 23)	64,118	3	58,750	3
Trade receivables from related parties (Notes 4, 23 and 32)	126,426	6	77,909	4
Other receivables (Notes 4 and 11)	3,959	-	125	-
Other receivables from related parties (Notes 4 and 32)	60	-	2,782	-
Current tax assets (Notes 4 and 25)	4,075	-	-	-
Inventories (Notes 4 and 12)	135,698	7	91,144	5
Other current assets (Notes 17)	13,482	1	2,058	-
Total current assets	622,891	31	477,766	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	10,573	-	9,690	-
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 33)	20,820	1	50,074	3
Investments accounted for using the equity method (Notes 4 and 13)	666,615	33	643,301	35
Property, plant and equipment (Notes 4, 14, 29 and 33)	640,109	32	620,867	34
Right-of-use assets (Notes 4 and 15)	75	-	574	-
Other intangible assets (Notes 4 and 16)	14,496	1	14,220	1
Deferred tax assets (Notes 4 and 25)	29,544	1	23,951	1
Other non-current assets (Notes 4, 17 and 21)	19,538	1	7,743	-
Total non-current assets	1,401,770	69	1,370,420	74
TOTAL	$ 2,024,661	100	$ 1,848,186	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ -	-	$ 10,000	1
Contract liabilities - current (Notes 4 and 23)	8,547	-	5,265	-
Notes payable (Note 19)	11,834	1	3,113	-
Trade payables (Note 19)	73,495	4	22,743	1
Trade payables to related parties (Note 32)	6,314	-	5,619	-
Other payables (Notes 20 and 29)	71,153	4	58,575	3
Current tax liabilities (Notes 4 and 25)	24,468	1	28,167	2
Lease liabilities - current (Notes 4 and 15)	107	-	502	-
Long-term borrowings due within one year (Notes 18 and 33)	9,692	-	-	-
Other current liabilities	222	-	173	-
Total current liabilities	205,832	10	134,157	7
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 33)	242,308	12	252,000	14
Deferred tax liabilities (Notes 4 and 25)	51,116	3	44,701	2
Lease liabilities - non-current (Notes 4 and 15)	-	-	76	-
Total non-current liabilities	293,424	15	296,777	16
Total liabilities	499,256	25	430,934	23
EQUITY (Notes 4 and 22)				
Share capital				
Ordinary shares	444,779	22	423,837	23
Capital surplus	327,723	16	319,889	17
Retained earnings				
Legal reserve	246,590	12	223,547	12
Special reserve	59,645	3	52,488	3
Unappropriated earnings	551,267	27	494,109	27
Other equity				
Exchange differences on translation of foreign operations	(72,812)	(4)	(54,335)	(3)
Unrealized valuation gain/(loss) on financial assets at fair value through other comprehensive income	(4,427)	-	(5,310)	-
Treasury shares	(27,360)	(1)	(36,973)	(2)
Total equity	1,525,405	75	1,417,252	77
TOTAL	$ 2,024,661	100	$ 1,848,186	100

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

FINETEK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 32)	$ 894,446	100	$ 711,875	100
OPERATING COSTS (Notes 12, 24 and 32)	435,809	49	336,775	47
GROSS PROFIT	458,637	51	375,100	53
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Notes 4 and 32)	(26,267)	(3)	(14,002)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Notes 4 and 32)	14,002	2	15,802	2
REALIZED GROSS PROFIT	446,372	50	376,900	53
OPERATING EXPENSES (Notes 24 and 32)				
Selling and marketing expenses	95,907	11	76,913	11
General and administrative expenses	55,522	6	52,325	7
Research and development expenses	52,911	6	48,880	7
Expected credit loss (gain) (Notes 10 and 11)	279	-	(581)	-
Total operating expenses	204,619	23	177,537	25
PROFIT FROM OPERATIONS	241,753	27	199,363	28
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 24)				
Interest income	1,124	-	1,493	-
Other income	13,006	2	9,485	1
Other gains and losses (Note 32)	818	-	10,505	2
Finance costs	(2,786)	-	(2,001)	-
Share of profit or loss of subsidiaries	83,563	9	56,295	8
Total non-operating income and expenses	95,725	11	75,777	11
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	337,478	38	275,140	39
INCOME TAX EXPENSE (Notes 4 and 25)	(61,524)	(7)	(45,263)	(7)
NET PROFIT FOR THE YEAR	275,954	31	229,877	32

(Continued)

FINETEK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 21)	$ (149)	-	$ 697	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	883	-	(5,310)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 25)	30	-	(139)	-
	764	-	(4,752)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 22)	(23,096)	(3)	(2,309)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 22 and 25)	4,619	1	462	-
	(18,477)	(2)	(1,847)	-
Other comprehensive loss for the year, net of income tax	(17,713)	(2)	(6,599)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 258,241	29	$ 223,278	31
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	$ 6.27		$ 5.23	
Diluted	$ 6.24		$ 5.21	

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

FINETEK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	$ 423,837	$ 319,889	$ 202,136	$ 29,548	$ 475,564	$ (52,488)	$ -	$ (36,973)	$ 1,361,513
Appropriation of 2019 earnings (Note 22)									
Legal reserve	-	-	21,411	-	(21,411)	-	-	-	-
Special reserve	-	-	-	22,940	(22,940)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(167,535)	-	-	-	(167,535)
Net profit for the year ended December 31, 2020	-	-	-	-	229,877	-	-	-	229,877
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	558	(1,847)	(5,310)	-	(6,599)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	230,435	(1,847)	(5,310)	-	223,278
Changes in percentage of ownership interests in subsidiaries (Notes 13 and 28)	-	-	-	-	(4)	-	-	-	(4)
BALANCE AT DECEMBER 31, 2020	423,837	319,889	223,547	52,488	494,109	(54,335)	(5,310)	(36,973)	1,417,252
Appropriation of 2020 earnings (Note 22)									
Legal reserve	-	-	23,043	-	(23,043)	-	-	-	-
Special reserve	-	-	-	7,157	(7,157)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(167,535)	-	-	-	(167,535)
Share dividends distributed by the Company	20,942	-	-	-	(20,942)	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	275,954	-	-	-	275,954
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(119)	(18,477)	883	-	(17,713)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	275,835	(18,477)	883	-	258,241
Treasury shares transferred to employees (Note 27)	-	7,834	-	-	-	-	-	9,613	17,447
BALANCE AT DECEMBER 31, 2021	$ 444,779	$ 327,723	$ 246,590	$ 59,645	$ 551,267	$ (72,812)	$ (4,427)	$ (27,360)	$ 1,525,405

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

FINETEK CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 337,478	$ 275,140
Adjustments for:		
Depreciation expense	17,194	18,147
Amortization expense	5,368	8,182
Expected credit loss (gain)	279	(581)
Net gain on fair value changes of financial asset designated as at fair value through profit or loss	(1,206)	(6,504)
Finance costs	2,786	2,001
Interest income	(1,124)	(1,493)
Dividend income	(1,231)	(936)
Compensation cost of employee share options	8,314	-
Share of profit of subsidiaries, associates and joint ventures	(83,563)	(56,295)
Loss on disposal of property, plant and equipment	63	-
Write-downs of inventories	-	4,333
Unrealized gain on transactions with subsidiaries, associates and joint ventures	26,267	14,002
Realized gain on transactions with subsidiaries, associates and joint ventures	(14,002)	(15,802)
Net loss (gain) on foreign currency exchange	845	(5,258)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(9,683)	(7,661)
Notes receivable	(10,588)	4,339
Trade receivables	(6,126)	16,893
Trade receivables from related parties	(48,517)	(38,350)
Other receivables	(3,627)	8
Inventories	(44,554)	34,468
Other current assets	(11,424)	(746)
Net defined benefit assets	(344)	(101)
Contract liabilities	3,282	(4,659)
Notes payable	8,721	(2,228)
Trade payables	51,036	(14,816)
Trade payables to related parties	695	2,421
Other payables	9,933	(2,183)
Other current liabilities	49	(318)
Cash generated from operations	236,321	222,003
Interest received	912	1,929
Dividends received	1,231	936
Dividends received from subsidiaries (Note 13)	24,888	134,240
Interest paid	(2,786)	(1,917)
Income tax paid	(63,827)	(54,700)
Net cash generated from operating activities	196,739	302,491

(Continued)

FINETEK CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	$ (34,443)	$ (35,332)
Proceeds from sale of financial assets at amortized cost	37,291	-
Payments for property, plant and equipment (Note 29)	(33,254)	(327,312)
Proceeds from disposal of property, plant and equipment	29	-
Increase in refundable deposits	(11,380)	-
Decrease in refundable deposits	-	1,154
Decrease in other receivables from related parties	2,722	113
Payments for intangible assets	(5,644)	(5,833)
Increase in prepayments for equipment	(350)	(130)
Net cash used in investing activities	(45,029)	(367,340)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(10,000)	(55,000)
Proceeds from long-term borrowings	-	252,000
Repayment of the principal portion of lease liabilities	(471)	(496)
Dividends paid to owners of the Company	(167,535)	(167,535)
Treasury shares transferred to employees (Note 22)	9,133	-
Acquisition of subsidiaries (Note 13)	-	(6,007)
Net cash (used in) generated from financing activities	(168,873)	22,962
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(303)	4,100
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,466)	(37,787)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	204,193	241,980
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 186,727	$ 204,193

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

FineTek Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) on January 30, 2003. The Company mainly designs, manufactures and sells transmitters, point switches and electronic terminals.

The Company's shares have been listed on the mainboard of the Taipei Exchange ("TPEx") since November 2014.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 18, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company assesses that the application of other standards and interpretations will not have any material impact on its financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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 IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - 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 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures, and related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from the settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. (i.e., not retranslated)

For the purpose of presenting these financial statements, the functional currency of the Company and the Group entities (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, finished goods, work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of the equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of an investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investments for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially stated at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating units to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. The reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized - current, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding VAT refund receivables), other receivables from related parties, financial assets at amortized - non-current and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, trade receivables, other receivables, other financial assets - current, financial assets at amortized cost - non-current and refundable deposits).

The Company always recognizes lifetime expected credit losses (ECLs) for notes receivable and trade receivables, For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of transmitters, point switches and electronic terminals. Sales of transmitters, point switches and electronic terminals are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing product repair services to customers.

As the Company provides product repair services, customers simultaneously receive and consume the benefits provided by the Company's satisfaction of performance obligations. Consequently, the related revenue is recognized when services are rendered.

l. Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

<u>The Company as lessee</u>

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the period in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to a defined contribution retirement benefit plan are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under the defined contribution retirement benefit plan are determined using the projected unit credit method. Service costs, including current service costs, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

p. Share-based payment arrangements

Employee share options are recognized as expense on a straight-line basis over the vesting period based on the fair value and the expected best estimated quantity of the equity instruments at the grant date, with a simultaneous adjustment to capital surplus - employee share options. If it is immediately vested on the grant date, the full amount will be recognized as expenses. The grant date of treasury shares transferred to employees is the date on which the employees are informed.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any previously unrecognized deferred tax assets are also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies, estimates and underlying assumptions used by the Company, as evaluated by management, are free of significant accounting judgments, estimates and assumption uncertainties.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 792	$ 762
Checking accounts	3,436	4
Demand deposits	160,779	203,427
Cash equivalents (investments with original maturities within 3 months)		
Time deposits	21,720	-
	$ 186,727	$ 204,193

The market rate ranges of bank deposits at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Bank demand deposits and time deposits	0.001%-0.200%	0.001%-0.100%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	**2020**
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 38,330	$ 27,441

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Non-current		
Investments in equity instruments		
Unlisted shares - ordinary shares		
Ultracker Technology Co., Ltd.	$ 10,573	$ 9,690

These investments in ordinary shares of Ultracker Technology Co., Ltd. are held for the Company's medium to long-term strategic purposes and expected to profit from long-term investments. Accordingly, the management elected to designate these investments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current (Note)		
Time deposits with an original maturity date of more than 3 months	$ 26,064	$ -
Pledged bank deposits (Note 33)	300	300
	$ 26,364	$ 300
Non-current		
Restricted demand deposits (a) (Note)	$ 1,523	$ 38,814
Corporate bonds - Deutsche Bank (b)	5,532	5,578
Corporate bonds - Société Générale (c)	5,524	5,682
AT&T Corporate bonds (d)	8,241	-
	$ 20,820	$ 50,074

Note: The Company considers the past default experience of the debtor and an analysis of the debtor's current financial position to measure 12-month or lifetime expected credit losses on financial assets at amortized cost. As of December 31, 2021 and 2020, the Company has no need to recognize expected credit loss on financial assets at amortized cost.

a. In March 2020, the Company applied to repatriate overseas reinvestment income under the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act". According to the above-mentioned special law, funds not engaged in actual investment and financial investment should be deposited in the foreign exchange deposit account for five years and withdrawn in three years after the expiration of the term. Since September 2020, the Company has withdrawn part of the funds from the special account for real investment with the approval of the Ministry of Economic Affairs. The use of the repatriated funds is restricted by the special law; refer to Note 33.

b. The Company's investments in bonds issued by Deutsche Bank were as follows:

	December 31	
	2021	2020
Total carrying amount	$ 5,532	$ 5,578
Total par value (in thousands of U.S. dollars)	$ 200	$ 200
Coupon rate	4.50%	4.50%
Effective interest rate	4.47%	4.47%
Holding period	2015.10.21 - 2025.04.01	2015.10.21 - 2025.04.01

c. The Company’s investments in bonds issued by Société Générale were as follows:

	December 31	
	2021	2020
Total carrying amount	$ 5,524	$ 5,682
Total par value (in thousands of U.S. dollars)	$ 200	$ 200
Coupon rate	4.25%	4.25%
Effective interest rate	4.27%	4.27%
Holding period	2015.10.21 - 2025.04.14	2015.10.21 - 2025.04.14

d. The Group’s investments in bonds issued by AT&T were as follows:

	December 31	
	2021	2020
Total carrying amount	$ 8,241	$ -
Total par value (in thousands of U.S. dollars)	$ 320	$ -
Coupon rate	3.65%	-
Effective interest rate	4.01%	-
Holding period	2021.03.11 - 2059.09.15	-

Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	December 31	
	2021	2020
At Amortized Cost		
Gross carrying amount	$ 19,322	$ 11,394
Less: Allowance for impairment loss	(25)	(134)
Amortized cost	$ 19,297	$ 11,260

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information obtained from independent rating agencies where available. The Company’s exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments for 12 months, the Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and the future prospects of the industries. The Company's current credit risk grading mechanism and its gross carrying amount are as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company have no realistic prospect of recovery	Amount is written off

The gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2021

Category	Expected Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	0.09%-0.16%	$ 19,322
Doubtful	-	-
In default	-	-
Write-off	-	-
		$ 19,322

December 31, 2020

Category	Expected Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	0.16%	$ 5,703
Doubtful	2.19%	5,691
In default	-	-
Write-off	-	-
		$ 11,394

The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit Impaired)	In default (Lifetime ECLs - Credit Impaired)
Balance at January 1, 2021	$ 9	$ 125	$ -
New financial assets purchased	9	-	-
Transfers			
From doubtful to performing	134	(134)	-
Change in model or risk parameters	(127)	9	-
Balance at December 31, 2021	$ 25	$ -	$ -
Balance at January 1, 2020	$ -	$ -	$ -
Transfers			
From performing to doubtful	-	125	-
Change in model or risk parameters	9	-	-
Balance at December 31, 2020	$ 9	$ 125	$ -

The Company considered the credit rating information supplied by independent rating agencies, due to the acquisition of new debt instruments, changes in credit ratings and credit risk parameters, the Company (reversed) recognized an expected credit loss of $(109) thousand and $134 thousand in 2021 and 2020, respectively.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 23,652	$ 13,064
Less: Allowance for impairment loss	-	-
	$ 23,652	$ 13,064
Trade receivables		
At amortized cost		
Gross carrying amount	$ 64,778	$ 59,196
Less: Allowance for impairment loss	(660)	(446)
	$ 64,118	$ 58,750

(Continued)

	December 31	
	2021	**2020**
Other receivables		
VAT refund receivables	$ 3,627	$ -
Interest receivables	332	125
	$ 3,959	$ 125
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 76	$ 4
Less: Allowance for impairment loss	(76)	(4)
	$ -	$ -

(Concluded)

a. Notes receivable

The Company's average cashing period of notes receivable was 0-180 days.

The Company measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The lifetime expected credit losses on notes receivable takes into consideration the past default experience of the debtor and general economic conditions of the industry. As of December 31, 2021 and 2020, the Company assessed that there is no need to recognize expected credit losses on notes receivable.

The aging of notes receivable were as follows:

	December 31	
	2021	**2020**
Up to 90 days	$ 23,326	$ 13,064
91 to 180 days	326	-
	$ 23,652	$ 13,064

The above aging schedule was based on the number of past due days from the invoice date.

b. Trade receivables

The average credit period of sales of goods was 0-150 days.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, as well as GDP predictions. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including related parties and overdue receivables) based on the Company's provision matrix.

December 31, 2021

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 360 Days	Total
Expected credit loss rate	0.001%	0.018%	0.197%	2.704%	46.131%	100%	
Gross carrying amount	$ 171,967	$ 11,098	$ 5,635	$ 1,849	$ -	$ 731	$ 191,280
Loss allowance (Lifetime ECL)	(1)	(2)	-	(2)	-	(731)	(736)
Amortized cost	$ 171,966	$ 11,096	$ 5,635	$ 1,847	$ -	$ -	$ 190,544

December 31, 2020

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 360 Days	Over 360 Days	Total
Expected credit loss rate	0.16%	1.28%	19.14%	33.33%	69.59%	100%	
Gross carrying amount	$ 119,148	$ 11,872	$ 5,919	$ 6	$ 148	$ 16	$ 137,109
Loss allowance (Lifetime ECL)	(81)	(96)	(152)	(2)	(103)	(16)	(450)
Amortized cost	$ 119,067	$ 11,776	$ 5,767	$ 4	$ 45	$ -	$ 136,659

The movements of the loss allowance of trade receivables (including overdue receivables) were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 450	$ 2,065
Add: Net remeasurement of loss allowance	388	-
Less: Amounts written off	(102)	(900)
Less: Net remeasurement of loss allowance	-	(715)
Balance at December 31	$ 736	$ 450

c. Other receivables

Other receivables mainly consist of VAT refund receivables and interest receivables, and the Company's policy is to transact only with creditworthy companies. The Company continuously monitors and makes reference to the past default experience of counterparties and analyzes their current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of December 31, 2021 and 2020, the Company assessed that there is no need to recognize expected credit loss on other receivables.

12. INVENTORIES

	December 31	
	2021	2020
Merchandise inventory	$ 209	$ 62
Finished goods	73,574	58,305
Work in progress	25,012	8,711
Raw materials	36,903	24,066
	$ 135,698	$ 91,144

The nature of the cost of goods sold were as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 435,809	$ 332,442
Inventory write-downs	-	4,333
	$ 435,809	$ 336,775

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2021	2020
Powerline Corp. (Notes 1 and 2)	$ 400,633	$ 350,467
Golden Land International Corp.	57,232	50,492
Gain Access Investments Ltd.	52,089	53,397
PT. Finetek Automation Indonesia (Notes 3)	33,308	40,130
Finetek GmbH (Note 4)	123,353	148,815
	$ 666,615	$ 643,301

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Powerline Corp.	100.00%	100.00%
Golden Land International Corp.	100.00%	100.00%
Gain Access Investments Ltd.	100.00%	100.00%
PT. Finetek Automation Indonesia	99.70%	99.70%
Finetek GmbH	100.00%	100.00%

Note 1: In May 2020, the subsidiary Fine Automation Co., Ltd. distributed retained earnings of RMB22,378 thousand (NT$93,227 thousand) to its parent company, Faco International Co., Ltd. Subsequently, in July 2020, Faco International Co., Ltd. distributed retained earnings to the Company through Powerline Corp.

Note 2: In March 2020, the subsidiary Faco International Co., Ltd. distributed retained earnings of RMB9,639 thousand (NT$41,013 thousand) to the Company through its parent company Powerline Corp.

Note 3: In April 2020, the Company paid US$200 thousand (NT$6,007 thousand) to subscribe for additional new shares of PT. Finetek Automation Indonesia; the subscription was at a percentage different from its existing ownership percentage, and increased its continuing interest from 99.65% to 99.70%. The Company reduced its unappropriated earnings by NT$(4) thousand and accounted for the subscription for the new shares as equity transaction; refer to Note 28.

Note 4: In December 2021, the subsidiary Finetek GmbH distributed retained earnings of EUR800 thousand (NT$24,888 thousand) to the Company.

Refer to Note 37 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the subsidiaries' financial statements which have been audited for the same years.

14. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Molding Equipment	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2021	$ 425,685	$ 239,277	$ 50,215	$ 11,281	$ 7,442	$ 21,035	$ 33,780	$ 10,239	$ 798,954
Additions	-	24,413	5,376	-	2,916	1,980	1,214	-	35,899
Disposals	-	-	(820)	(3,277)	-	-	-	-	(4,097)
Reclassified (Note)	-	10,239	-	-	-	130	-	(10,239)	130
Balance at December 31, 2021	$ 425,685	$ 273,929	$ 54,771	$ 8,004	$ 10,358	$ 23,145	$ 34,994	$ -	$ 830,886
Accumulated depreciation and impairment									
Balance at January 1, 2021	$ -	$ 65,863	$ 44,213	$ 10,139	$ 6,077	$ 20,214	$ 31,581	$ -	$ 178,087
Disposals	-	-	(728)	(3,277)	-	-	-	-	(4,005)
Depreciation expense	-	9,107	3,331	772	832	1,439	1,214	-	16,695
Balance at December 31, 2021	$ -	$ 74,970	$ 46,816	$ 7,634	$ 6,909	$ 21,653	$ 32,795	$ -	$ 190,777
Carrying amount at December 31, 2021	$ 425,685	$ 198,959	$ 7,955	$ 370	$ 3,449	$ 1,492	$ 2,199	$ -	$ 640,109

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Molding Equipment	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2020	$ 142,039	$ 208,215	$ 49,645	$ 11,281	$ 6,205	$ 20,325	$ 33,961	$ -	$ 471,671
Additions	283,646	31,062	570	-	1,237	318	361	10,239	327,433
Disposals	-	-	-	-	-	-	(542)	-	(542)
Reclassified (Note)	-	-	-	-	-	392	-	-	392
Balance at December 31, 2020	$ 425,685	$ 239,277	$ 50,215	$ 11,281	$ 7,442	$ 21,035	$ 33,780	$ 10,239	$ 798,954
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 58,474	$ 38,566	$ 9,403	$ 5,455	$ 18,437	$ 30,646	$ -	$ 160,981
Disposals	-	-	-	-	-	-	(542)	-	(542)
Depreciation expense	-	7,389	5,647	736	622	1,777	1,477	-	17,648
Balance at December 31, 2020	$ -	$ 65,863	$ 44,213	$ 10,139	$ 6,077	$ 20,214	$ 31,581	$ -	$ 178,087
Carrying amount at December 31, 2020	$ 425,685	$ 173,414	$ 6,002	$ 1,142	$ 1,365	$ 821	$ 2,199	$ 10,239	$ 620,867

(Concluded)

Note: Transferred from prepayments for equipment.

The Company proposed in the board of directors' meeting on March 20, 2020 to acquire from non-related parties certain properties located in the Tucheng District of New Taipei City for NT$315,000 thousand.

For the years ended December 31, 2021 and 2020, no impairment assessment was performed as there were no indications of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-35 years
Auxiliary equipment	2-20 years
Machinery and equipment	1-10 years
Transportation	4-5 years
Office equipment	1-5 years
Molding equipment	1-4 years
Other equipment	1-8 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Transportation	$ 75	$ 574

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ -	$ 740
Depreciation charge for right-of-use assets		
Transportation	$ 499	$ 499

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 107	$ 502
Non-current	$ -	$ 76

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Transportation	1.21%	1.21%

c. Material leasing activities and terms - as lessee

The Company leases buildings and transportation equipment with lease terms of 2 to 3 years. These arrangements do not contain renewal or purchase options.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 327	$ 623
Total cash outflow for leases	$ (802)	$ (1,129)

The Company's leases of certain offices qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 324	$ 324

16. OTHER INTANGIBLE ASSETS

	Computer Software	Licenses and Franchises	Total
Cost			
Balance at January 1, 2021	$ 47,847	$ 750	$ 48,597
Additions	5,644	-	5,644
Balance at December 31, 2021	$ 53,491	$ 750	$ 54,241
Accumulated amortization and impairment			
Balance at January 1, 2021	$ 34,216	$ 161	$ 34,377
Amortization expense	5,342	26	5,368
Balance at December 31, 2021	$ 39,558	$ 187	$ 39,745
Carrying amount at December 31, 2021	$ 13,933	$ 563	$ 14,496
Cost			
Balance at January 1, 2020	$ 42,014	$ 750	$ 42,764
Additions	5,833	-	5,833
Balance at December 31, 2020	$ 47,847	$ 750	$ 48,597
Accumulated amortization and impairment			
Balance at January 1, 2020	$ 26,059	$ 136	$ 26,195
Amortization expense	8,157	25	8,182
Balance at December 31, 2020	$ 34,216	$ 161	$ 34,377
Carrying amount at December 31, 2020	$ 13,631	$ 589	$ 14,220

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Licenses and franchises	29 years

An analysis of amortization by function:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 1,029	$ 1,621
Selling and marketing expenses	3,160	4,646
General and administrative expenses	629	1,187
Research and development expenses	550	728
	$ 5,368	$ 8,182

17. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments for purchases	$ 11,941	$ 616
Prepayments	1,541	1,303
Others	-	139
	$ 13,482	$ 2,058
Non-current		
Refundable deposits (Note)	$ 15,033	$ 3,653
Prepayments for equipment	2,517	2,297
Net defined benefit assets (Note 21)	1,988	1,793
	$ 19,538	$ 7,743

Note: The Company considers the past default experience of the debtor and an analysis of the debtor's current financial position to measure 12-month or lifetime expected credit losses on refundable deposits. As of December 31, 2021 and 2020, the Company assessed that there was no need to recognize expected credit loss on refundable deposits.

In July 2021, the Company paid to the Ministry of Economic Affairs (MOEA) the refundable deposit of $11,192 thousand for its participation in a technology research and development project, refer to Note 24(b).

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings (Note)	$ -	$ 10,000

Note: The interest rate on the line of credit borrowings was 0.9% per annum as of December 31, 2020.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings		
Bank loans	$ 252,000	$ 252,000
Less: Current portion	(9,692)	-
Long-term borrowings	$ 242,308	$ 252,000

The Company's long-term borrowings are as follows:

Significant Terms	December 31 2021	December 31 2020
Loan period: 2020.6.10-2035.6.10 Creditor: Mega International Commercial Bank Co., Ltd. Repayment: The principal is payable monthly in equal amounts after 2 years of grace period. Interest is paid monthly. Interest rate: 1.1%	$ 252,000	$ 252,000

The Company used land and buildings as collateral to acquire a loan from the bank are set out in Note 33.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2021	December 31 2020
Notes payable		
Operating	$ 11,834	$ 3,113
Trade payables		
Operating	$ 73,495	$ 22,743

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31 2021	December 31 2020
Current		
Other payables		
Payables for salaries and bonuses	$ 31,278	$ 29,997
Payables for compensation of employees	11,000	9,600
Payables for remuneration of directors	8,000	8,000
Payable shipping costs	6,924	1,827
Payables for labor and health insurance	3,637	3,275
Payables for purchases of equipment (Note 29)	2,842	197
Payables for retirement	1,816	1,819
Payables for annual leave	701	175
Others	4,955	3,685
	$ 71,153	$ 58,575

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheet in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ (5,106)	$ (4,876)
Fair value of plan assets	7,094	6,669
Net defined benefit assets	$ 1,988	$ 1,793

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Assets (Liabilities)**
Balance at January 1, 2020	$ (5,259)	$ 6,254	$ 995
Service costs			
Current service costs	(284)	-	(284)
Net interest (expense) income	(52)	65	13
Recognized in profit or loss	(336)	65	(271)
Remeasurement			
Return on plan assets	-	179	179
Actuarial loss			
Changes in financial assumption	(259)	-	(259)
Experience adjustments	777	-	777
Recognized in other comprehensive income	518	179	697
Contributions from the employer	-	372	372
Benefits paid	201	(201)	-
Balance at December 31, 2020	(4,876)	6,669	1,793

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets (Liabilities)
Service costs			
Current service costs	$ (1)	$ -	$ (1)
Net interest (expense) income	(24)	34	10
Recognized in profit or loss	(25)	34	9
Remeasurement			
Return on plan assets	-	56	56
Actuarial loss			
Changes in financial assumption	74	-	74
Experience adjustments	(279)	-	(279)
Recognized in other comprehensive income	(205)	56	(149)
Contributions from the employer			
Benefits paid	-	335	335
Balance at December 31, 2021	$ (5,106)	$ 7,094	$ 1,988

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ -	$ -
General and administrative expenses	(9)	271
	$ (9)	$ 271

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in both domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	**2020**
Discount rate(s)	0.65%	0.50%
Expected rate(s) of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	**2020**
Discount rate(s)		
0.25% increase	$ 121	$ 132
0.25% decrease	$ (124)	$ (137)
Expected rate(s) of salary increase		
1% increase	$ (510)	$ (561)
1% decrease	$ 451	$ 492

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	**2020**
The expected contributions to the plan for the next year	$ 340	$ 325
The average duration of the defined benefit obligation	11 years	12 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	62,000	62,000
Shares authorized	$ 620,000	$ 620,000
Number of shares issued and fully paid (in thousands)	44,478	42,384
Shares issued	$ 444,779	$ 423,837

In the shareholders' meeting on July 6, 2021, the Company's shareholders approved the transfer of retained earnings of $20,942 thousand to issue 2,094 thousand new shares with a par value of NT$10. The above transaction was approved by the FSC on August 2, 2021, and the subscription base date was September 4, 2021, which was determined on August 12, 2021 by the Company's board of directors.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)		
Premium from issuance of ordinary shares	$ 316,818	$ 316,818
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	34	34
May be used to offset a deficit only		
Arising from invalid employee share options	3,037	3,037
Treasury share transactions - transferred from employee share options (Note 2)	2,089	-
May not be used for any purpose (Note 3)		
Employee share options	5,745	-
	$ 327,723	$ 319,889

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

Note 2: The capital surplus of treasury share transactions transferred from the capital surplus generated from employee share options may only be used to offset a deficit.

Note 3: The capital surplus generated from employee share options shall not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 24(g).

In accordance with the amendments to the Company Act, the distribution of dividends may be made by way of cash dividends or share dividends, where the ratio of the cash dividends shall not be less than 10% of the total shareholders' dividends.

Amounts equal to 10% of the remaining earnings after tax should be appropriated as a legal reserve until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" shall be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for the 2020 and 2019 which were approved in the shareholders' meetings on July 6, 2021 and June 15, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	2019
Legal reserve	$ 23,043	$ 21,411
Special reserve	$ 7,157	$ 22,940
Cash dividends	$ 167,535	$ 167,535
Share dividends	$ 20,942	$ -
Cash dividends per share (NT$)	$ 4.0	$ 4.0
Share dividends per share (NT$)	$ 0.5	$ -

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 18, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 27,583
Special reserve	$ 17,594
Cash dividends	$ 181,949
Share dividends	$ 48,816
Cash dividends per share (NT$)	$ 4.1
Share dividends per share (NT$)	$ 1.1

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 10, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 52,488	$ 29,548
Appropriation in respect of:		
Reversal of debit to other equity items	7,157	22,940
Balance at December 31	$ 59,645	$ 52,488

e. Other equity items

1) Exchange differences on translation of the financial statements for foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (54,335)	$ (52,488)
Recognized for the year		
Exchange differences on translation of foreign operations	(23,096)	(2,309)
Income tax related to exchange differences arising on translation to the presentation currency	4,619	462
Balance at December 31	$ (72,812)	$ (54,335)

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (5,310)	$ -
Recognized for the year		
Unrealized gain/(loss) - equity instruments	883	(5,310)
Balance at December 31	$ (4,427)	$ (5,310)

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	500
Decrease during the year	(130)
Number of shares at December 31, 2021	370
Number of shares at January 1, 2020	500
Number of shares at December 31, 2020	500

From October 2018 to November 2018, for the purpose of transferring shares to employees, the Company bought back 500 thousand shares from the open market amounting to $36,973 thousand.

On May 7, 2021, the board of directors resolved to transfer 130 thousand treasury shares to employees, and set July 9, 2021 as the grant date. The Company recognized $2,569 thousand as compensation cost and capital surplus - employee share options based on the option pricing model.

In July 2021, the Company’s employees subscribed 130 thousand ordinary shares at an exercise price of $70.47 per share. After the deduction of the net of $28 thousand in securities transaction taxes and other transaction costs, to the total amount was $9,133 thousand. The Company reversed $9,613 thousand of treasury shares and $2,569 thousand of capital surplus - employee share options, and the difference of $2,089 thousand was recognized in capital surplus - treasury share transactions.

On December 20, 2021, the board of directors resolved to transfer 270 thousand treasury shares to employees, and set December 28, 2021 as the grant date. The Company recognized $5,745 thousand as compensation cost and capital surplus - employee share options based on the option pricing model. Subsequently, in January 2022, the Company's employees subscribed 270 thousand ordinary shares at an exercise price of $67.15 per share.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

23. REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from sale of goods	$ 893,139	$ 709,933
Revenue from rendering of services	1,307	1,942
	$ 894,446	$ 711,875

a. Contract balances

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes receivable (Note 11)	$ 23,652	$ 13,064	$ 17,403
Trade receivables (Note 11)	$ 64,118	$ 58,750	$ 73,913
Trade receivables from related parties (Note 32)	$ 126,426	$ 77,909	$ 39,559
Contract liabilities - current			
Sales of goods	$ 8,547	$ 5,265	$ 9,924

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods were as follows:

	For the Year Ended December 31	
	2021	**2020**
From contract liabilities at the start of the year		
Sale of goods	$ 4,146	$ 9,047

b. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
Product categories		
Process automated sensor development	$ 713,901	$ 541,315
Pneumatic control system	72,986	73,544
Other	107,559	97,016
	$ 894,446	$ 711,875

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 368	$ 974
Financial assets at amortized cost	753	515
Imputed interest	3	4
	$ 1,124	$ 1,493

b. Other income

	For the Year Ended December 31	
	2021	2020
Government grant income	$ 11,418	$ 7,768
Dividend income	1,231	936
Others	357	781
	$ 13,006	$ 9,485

The Company participated in the MOEA’s technology research and development project and obtained approval from the government to the amount of subsidy of $27,979 thousand. As of December 31, 2021, the Company has received $11,192 thousand.

The Company paid the refundable deposit for its participation in the aforementioned project, refer to Note 17.

c. Other gains and (losses)

	For the Year Ended December 31	
	2021	2020
Fair value changes of financial assets		
Financial assets mandatorily classified as at FVTPL	$ 1,206	$ 6,504
Receipts of payments under custody (Note 32(f))	3,988	3,234
Net foreign exchange (losses) gains	(4,299)	825
Loss on disposal of property, plant and equipment	(63)	-
Others	(14)	(58)
	$ 818	$ 10,505

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on loans	$ 2,782	$ 1,991
Interest on lease liabilities	4	10
	$ 2,786	$ 2,001

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 13,775	$ 14,799
Operating expenses	3,419	3,348
	$ 17,194	$ 18,147
An analysis of amortization by function		
Operating costs	$ 1,029	$ 1,621
Operating expenses	4,339	6,561
	$ 5,368	$ 8,182

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 164,683	$ 162,173
Post-employment benefits (Note 21)		
Defined contribution plan	7,291	7,591
Defined benefit plans	(9)	271
Share-based payments		
Equity-settled	8,314	-

(Continued)

	For the Year Ended December 31	
	2021	2020
Other employee benefits		
Labor and health insurance expense	$ 16,249	$ 15,774
Other employee benefits	11,498	12,094
Total employee benefits expense	$ 208,026	$ 197,903
An analysis of employee benefits expense by function		
Operating costs	$ 86,308	$ 79,300
Operating expenses	121,718	118,603
	$ 208,026	$ 197,903

(Concluded)

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 18, 2022 and March 15, 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	3.09%	3.28%
Remuneration of directors	2.24%	2.73%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 11,000	$ 9,600
Remuneration of directors	8,000	8,000

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences will be recorded as a change during the next accounting period.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 4,731	$ 10,026
Foreign exchange losses	(9,030)	(9,201)
Net foreign exchange (losses) gains	$ (4,299)	$ 825

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	$ 56,542	$ 60,382
Income tax on unappropriated earnings	588	111
Withholding tax on repatriated offshore funds	-	3,281
Adjustments for prior years	(1,077)	(427)
	56,053	63,347
Deferred tax		
In respect of the current period	5,471	(18,084)
Income tax expense recognized in profit or loss	$ 61,524	$ 45,263

A reconciliation of the accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 337,478	$ 275,140
Income tax expense calculated at the statutory rate	$ 67,496	$ 55,028
Nondeductible expenses in determining taxable income	(198)	(536)
Tax-exempt income	(271)	(613)
Income tax on unappropriated earnings	588	111
Deferred tax effect of earnings of subsidiaries	(5,014)	(3,378)
Tax-exempt of investment income from repatriate offshore funds	-	(8,203)
Withholding tax on repatriated offshore funds	-	3,281
Adjustments for prior years' tax	(1,077)	(427)
Income tax expense recognized in profit or loss	$ 61,524	$ 45,263

In July 2019, the president of the ROC announced "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act". Under the Act, enterprises shall apply for and obtain approval from auditing authority to repatriate their offshore reinvestment income in two years, and the bank may deduct taxes on their behalf in accordance with the tax rates stipulated in the act. The Company has obtained the approval of the auditing authority and repatriated offshore funds in March 2020, with 8% income tax deducted.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (4,619)	$ (462)
Remeasurement of defined benefit plans	(30)	139
Total income tax recognized in other comprehensive income	$ (4,649)	$ (323)

c. Current tax liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ 4,075	$ -
Current tax liabilities		
Income tax payable	$ 24,468	$ 28,167

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translation of the financial statements of foreign operations	$ 10,496	$ -	$ 4,619	$ 15,115
Defined benefit plans	308	(63)	30	275
Unrealized gains on transactions with associates	2,800	2,453	-	5,253
Payables for annual leave	35	105	-	140
Allowance for impairment of receivables	-	20	-	20
Allowance for investments in debt instrument	27	(22)	-	5
Unrealized losses on write-down of inventories	10,042	(1,412)	-	8,630
Others	243	(137)	-	106
	$ 23,951	$ 944	$ 4,649	$ 29,544
Deferred tax liabilities				
Temporary differences				
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	$ 44,213	$ 6,721	$ -	$ 50,934
Others	488	(306)	-	182
	$ 44,701	$ 6,415	$ -	$ 51,116

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Exchange differences on translation of the financial statements of foreign operations	$ 10,034	$ -	$ 462	$ 10,496
Defined benefit plans	467	(20)	(139)	308
Unrealized gains on transactions with associates	3,160	(360)	-	2,800
Payables for annual leave	73	(38)	-	35
Allowance for impairment of receivables	306	(306)	-	-
Allowance for investments in debt instrument	-	27	-	27
Unrealized losses on write-down of inventories	9,175	867	-	10,042
Others	861	(618)	-	243
	$ 24,076	$ (448)	$ 323	$ 23,951
Deferred tax liabilities				
Temporary differences				
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	$ 63,180	$(18,967)	$ -	$ 44,213
Others	53	435	-	488
	$ 63,233	$(18,532)	$ -	$ 44,701

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were $142,971 thousand and $117,902 thousand, respectively.

f. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities. As of December 31, 2021, the Company has no unsettled lawsuit in relation to tax.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 6.27	$ 5.23
Diluted earnings per share	$ 6.24	$ 5.21

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 4, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 5.49	$ 5.23
Diluted earnings per share	$ 5.47	$ 5.21

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 275,954	$ 229,877

Weighted average number of ordinary shares outstanding (in thousands of shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	44,041	43,978
Effect of potentially dilutive ordinary shares:		
Employees' compensation or bonuses issued to employees	147	173
Employee share options	1	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	44,189	44,151

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Transfer of Treasury Share to Employees

In order to motivate and enhance the motivation of employees, the Company granted 130 thousand and 270 thousand shares of treasury shares to employees in July and December 2021, respectively, and the related information is as follows:

	For the Year Ended December 31, 2021	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price ($)
Treasury shares are transferred to employees		
Balance at January 1	-	$ -
Options granted	400	68.23
Options exercised	(130)	70.47
Balance at December 31	270	
Options exercisable, end of the year	270	
Weighted-average fair value of options granted ($)	$ 20.79	

Information on outstanding options was as follows:

	December 31 2021
Range of exercise price ($)	$67.15
Weighted-average remaining contractual life (in years)	0.04 years

The fair value of the Company's valuation of the equity instruments given on the grant date is separately recognized as compensation costs under the option pricing model, and the fair value of which uses the Black-Scholes option pricing model, and the inputs to the model are as follows:

	July 2021	December 2021
Grant-date share price	$ 90.10	$ 88.40
Exercise price	$ 70.47	$ 67.15
Expected volatility	21.94%	12.45%
Expected life (in years)	0.04 years	0.04 years
Expected employee subscription rate	100%	100%
Risk-free interest rate	0.15%	0.24%

The cost of compensation for the transfer of the Company's treasury shares to employees was $8,314 thousand for the year ended December 31, 2021.

28. PARTIAL ACQUISITION OF SUBSIDIARIES

On April 2020, the Company subscribed for additional new shares of the subsidiary PT. Finetek Automation Indonesia at a percentage different from its existing ownership percentage, and increased its continuing interest from 99.65% to 99.70%.

Refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2021.

29. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

As of December 31, 2021 and 2020, the unsettled payments for the acquisition of property, plant and equipment were $2,842 thousand and $197 thousand, respectively, which were recorded as other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes: Interest Expenses	Others	Closing Balance
Short-term borrowings	$ 10,000	$ (10,000)	$ -	$ -	$ -
Long-term borrowings and long-term borrowings due within one year	252,000	-	-	-	252,000
Lease liabilities	578	(471)	4	(4)	107
	$ 262,578	$ (10,471)	$ 4	$ (4)	$ 252,107

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-Cash Changes		Others	Closing Balance
			New Leases	Interest Expenses		
Short-term borrowings	$ 65,000	$ (55,000)	$ -	$ -	$ -	$ 10,000
Long-term borrowings	-	252,000	-	-	-	252,000
Lease liabilities	334	(496)	740	10	(10)	578
	$ 65,334	$ 196,504	$ 740	$ 10	$ (10)	$ 262,578

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, capital surplus, retained earnings, and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2021

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Financial assets at amortized cost					
Foreign corporate bonds	$ 19,297	$ -	$ 20,452	$ -	$ 20,452

December 31, 2020

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Financial assets at amortized cost					
Foreign corporate bonds	$ 11,260	$ -	$ 12,210	$ -	$ 12,210

The fair values of the financial assets included in the Level 2 category above have been determined in accordance with the income approach based on a discounted cash flow analysis.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 38,330	$ -	$ -	$ 38,330
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 10,573	$ 10,573

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 27,441	$ -	$ -	$ 27,441
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 9,690	$ 9,690

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

	Financial Assets at FVTOCI Equity Instruments
Financial assets	
Balance at January 1	$ 9,690
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	883
Balance at December 31	$ 10,573

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
Financial assets	
Balance at January 1	$ 15,000
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	(5,310)
Balance at December 31	$ 9,690

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted equity securities were assessed using a combination of the market and income approaches. In the market approach, the price multipliers of other similar companies trading on the active market are used as reference for determination of the fair value. In the income approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The significant unobservable inputs used are as follows:

The value of the investee evaluated by the market approach was relatively lower than that of the equity with control due to the lack of control ability, so 33.33% was listed as the basis for non-control reduction. In addition, the equity was considered to be less liquid in the securities market than the comparable company, so the liquidity discount was 25%.

c. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	$ 38,330	$ 27,441
Financial assets at FVTOCI	10,573	9,690
Financial assets at amortized cost (Note 1)	463,532	410,850
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	358,364	299,184

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables, trade receivables from related parties, other receivables (except for tax refund receivable), others receivables from related parties, financial assets at amortized cost - non-current and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable, trade payables, trade payables to related parties, other payables (except for salaries and bonuses payable, employee compensation payable, remuneration of directors payable, labor and health insurance payable, payable for annual leaves and payable for retirement.) and long-term loans (including long-term loans due within one year).

d. Financial risk management objectives and policies

The Company’s major financial instruments include cash and cash equivalents, trade receivables, trade payables, borrowings and lease liabilities. The Company’s financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company’s financial department reports quarterly to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below), and other prices (see (c) below).

There have been no changes to the Company’s exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposing the Company to foreign currency risk at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Company was mainly exposed to fluctuations in the USD and the RMB.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated when the New Taiwan dollar weakens 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 5,812	$ 6,014	$ 5,166	$ 5,702

The profit (loss) above was mainly attributable to the exposure on outstanding USD and RMB bank deposits, receivables, financial assets at amortized cost - non-current and payables at the end of the reporting period.

The Company's sensitivity to the USD decreased during the current year mainly because of a decrease in USD bank deposits and an increase in USD payables.

The Company's sensitivity to the RMB decreased during the current year mainly because of a decrease in RMB bank deposits.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 67,381	$ 11,560
Financial liabilities	252,107	252,578
Cash flow interest rate risk		
Financial assets	162,302	242,241
Financial liabilities	-	10,000

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2021 would have decrease/increase by $1,623 thousand, which would have been mainly attributable to the Company's exposure to interest rates on its floating-rate bank deposits and floating-rate bank loans.

If interest rates had been 1% basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the year ended December 31, 2020 would have increase/decrease by $2,322 thousand, which would have been mainly attributable to the Company's exposure to interest rates on its floating-rate bank deposits and floating-rate bank loans.

The Company's sensitivity to interest rates decreased during the current year mainly due to the decreased in variable-rate bank deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities.

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Company's exposure to equity price at the end of the reporting period.

If the equity price of financial assets at FVTPL rises/falls by 1% and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by $383 thousand and $274 thousand, respectively.

If the equity price of financial assets at FVTOCI rises/falls by 1% and all other variables were held constant, the Company's other comprehensive income for the years ended December 31, 2021 and 2020 would increase/decrease by $106 thousand and $97 thousand, respectively.

The Company's sensitivity to equity prices increased during the current year mainly due to the increase in the market price of equity securities held.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to a failure of counterparties to discharge an obligation, pertains to financial assets recognized in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's concentration of credit risk of 24% and 36% of trade receivables and trade receivables from related parties as of December 31, 2021 and 2020, respectively, was attributable to the Company's largest customer.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables were drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities					
Lease liabilities	$ 42	$ 22	$ 44	$ -	$ -
Fixed interest rate liabilities	231	462	11,771	88,626	188,331
Non-interest bearing liabilities	14,721	91,643	-	-	-
	$ 14,994	$ 92,127	$ 11,815	$ 88,626	$ 188,331

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**
Lease liabilities	$ 108	$ -	$ -	$ -
Fixed interest rate liabilities	12,464	88,626	110,783	77,548
	$ 12,572	$ 88,626	$ 110,783	$ 77,548

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Lease liabilities	$ 42	$ 84	$ 422	$ 77	$ -
Variable interest rate liabilities	10,000	-	-	-	-
Fixed interest rate liabilities	231	462	2,079	78,934	210,488
Non-interest bearing liabilities	5,709	31,475	-	-	-
	$ 15,982	$ 32,021	$ 2,501	$ 79,011	$ 210,488

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
Lease liabilities	$ 548	$ 77	$ -	$ -
Variable interest rate liabilities	10,000	-	-	-
Fixed interest rate liabilities	2,772	78,934	110,783	99,705
	$ 13,320	$ 79,011	$ 110,783	$ 99,705

b) Loan commitments

	December 31	
	2021	2020
Unsecured loan commitments		
Amount used	$ -	$ 10,000
Amount unused	360,000	350,000
	$ 360,000	$ 360,000
Secured bank credit which may be extended by mutual agreement:		
Amount used	$ 252,000	$ 252,000
Amount unused	-	-
	$ 252,000	$ 252,000

32. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Relationship with the Company
Fine Automation Co., Ltd.	Subsidiary
Aplus Finetek Sensor Inc.	Subsidiary
Finetek Pte., Ltd.	Subsidiary
Finetek GmbH	Subsidiary
Mutec Instruments GmbH	Subsidiary
PT. Finetek Automation Indonesia	Subsidiary
Morn Sun Feed Mill Corp.	Related party in substance (the Chairman of the entity is the Chairman of the Company)
Yilan Wu Sha Culture Foundation	Related party in substance (the Chairman of the entity is the managing director of the Company)
Yilan County Sijie National Primary School Education Foundation	Related party in substance (the Chairman of the entity is the Chairman of the Company)
Taiwan Fluid Power Association	Related party in substance (the supervisor of the entity is the managing director of the Company)
Ultracker Technology Co.	Related party in substance (the company was corporate director of the entity before September 2020)

b. Revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Sales revenue	Subsidiaries		
	Fine Automation Co., Ltd.	$ 266,432	$ 248,654
	Aplus Finetek Sensor Inc.	188,068	63,389
	Others	31,376	29,988
	Related party in substance	826	-
		$ 486,702	$ 342,031

The Company's selling prices for the sale of goods to related parties were negotiated with reference to the market prices in the respective regions, and the selling prices for non-related parties were determined based on the general market. The credit period for the sale of goods to related parties and non-related parties was 90 days after the month-end closing and date of advance collection till 150 days after the month-end closing, respectively.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	2021	2020
Subsidiaries	$ 18,058	$ 13,594

The Company's purchase prices from the related parties were based on the regional market prices or cost-plus pricing. The prices to third parties were based on negotiations. Purchase payment terms are the same as those for unrelated parties.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Trade receivables	Subsidiaries		
	Aplus Finetek Sensor Inc.	$ 54,814	$ 8,234
	Fine Automation Co., Ltd.	51,205	54,365
	Others	20,407	15,310
		$ 126,426	$ 77,909
Other receivables	Subsidiaries		
	PT. Finetek Automation Indonesia	$ 24	$ 2,782
	Others	36	-
		$ 60	$ 2,782

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized on trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31 2021	December 31 2020
Trade payables	Subsidiaries		
	Mutec Instruments GmbH	$ 1,182	$ 3,876
	Others	5,132	1,743
		$ 6,314	$ 5,619

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category	For the Year Ended December 31 2021	For the Year Ended December 31 2020
General and administrative expenses - donation	Related party in substance		
	Yilan Wu Sha Culture Foundation	$ 4,500	$ 3,800
	Others	130	-
		$ 4,630	$ 3,800
Research and development expenses - research and development	Related party in substance	$ -	$ 240
Other gains and losses - receipts of payments under custody	Subsidiaries		
	Aplus Finetek Sensor Inc.	$ 443	$ 3,861
	Finetek Pte., Ltd.	25	22
	Others	9	10
		$ 477	$ 3,893

g. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 18,912	$ 18,460
Post-employment benefits	341	341
Share-based payments	1,575	-
	$ 20,828	$ 18,801

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, government grant projects, and funds restricted by "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act":

	December 31	
	2021	2020
Pledged bank deposits (classified as financial assets at amortized cost - current)	$ 300	$ 300
Demand deposits (classified as financial assets at amortized cost - non-current)	1,523	38,814
Freehold land and buildings (classified as property, plant and equipment)	346,357	324,430
	$ 348,180	$ 363,544

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at the end of the reporting period were as follows:

As of December 31, 2021, unrecognized commitments for purchases of property, plant and equipment amounted to $5,001 thousand.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Company, and the exchange rates between the foreign currencies and the New Taiwan dollar are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,482	27.68 (USD:NTD)	$ 124,053
RMB	24,878	4.344 (RMB:NTD)	$ 108,071
Non-monetary items			
Investments accounted for using the	18,423	27.68 (USD:NTD)	$ 509,954
equity method-subsidiaries	3,938	31.32 (EUR:NTD)	$ 123,353
	16,822,278	0.00198 (IDR:NTD)	$ 33,308
Financial liabilities			
Monetary items			
USD	282	27.68 (USD:NTD)	$ 7,818
RMB	1,095	4.344 (RMB:NTD)	$ 4,756

December 31, 2020

	Foreign Currency (thousand)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,359	28.48 (USD:NTD)	$ 124,157
RMB	26,285	4.377 (RMB:NTD)	$ 115,049
Non-monetary items			
Investments accounted for using the	16,404	28.48 (USD:NTD)	$ 454,356
equity method-subsidiaries	4,249	35.02 (EUR:NTD)	$ 148,815
	19,827,760	0.00203 (IDR:NTD)	$ 40,130
Financial liabilities			
Monetary items			
USD	136	28.48 (USD:NTD)	$ 3,886
RMB	231	4.377 (RMB:NTD)	$ 1,012

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were $(4,299) thousand and $825 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company.

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (Table 3)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 4)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 5)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

TABLE 1

FINETEK CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands of Shares)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Domestic listed shares							
	Morn Sun Feed Mill Corp.	The Chairman of the entity is the Chairman of the Company	Financial assets at FVTPL - current	479	$ 24,613	1.30	$ 24,613	-
	Mega Financial Holding Company Limited	None	Financial assets at FVTPL - current	205	7,288	-	7,288	-
	Cathay Financial Holding Co., Ltd.	None	Financial assets at FVTPL - current	25	1,562	-	1,562	-
	Taiwan Chelic Co., Ltd.	None	Financial assets at FVTPL - current	49	2,617	0.07	2,617	-
	Value Valves Co., Ltd.	None	Financial assets at FVTPL - current	25	2,250	0.06	2,250	-
	Domestic unlisted shares							
	Ultracker Technology Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,250	10,573	9.14	10,573	Note 1
	Foreign investments							
	Corporate bonds - Deutsche Bank	None	Financial assets at amortized cost - non-current	1	5,532	-	5,847	Note 2
	Corporate bonds - Société Générale	None	Financial assets at amortized cost - non-current	1	5,524	-	5,831	Note 2
	Corporate bonds - AT&T	None	Financial assets at amortized cost - non-current	1	8,241	-	8,774	Note 2
Faco International Co., Ltd.	Foreign investments							
	Corporate bonds - Deutsche Bank	None	Financial assets at amortized cost - non-current	1	13,775	-	15,864	-
	Corporate bonds - AT&T	None	Financial assets at amortized cost - non-current	1	2,865	-	2,742	-

Note 1: Refer to Note 31 (b) for information relating to the fair value measurement of domestic investments.

Note 2: Refer to Note 31 (a) for information relating to the fair value measurement of foreign investments.

TABLE 2

FINETEK CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Receivable (Payable)/Trade Receivables (Payables)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price (Note)	Payment Terms	Ending Balance	% of Total	
FineTek Co., Ltd.	Fine Automation Co., Ltd.	Parent company to subsidiary	(Sale)	$ (266,432)	(30)	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	Date of advance collection till 150 days after the month-end closing when invoice is issued	$ 51,205	24	Note 1
	Aplus Finetek Sensor Inc.	Parent company to subsidiary	(Sale)	(188,068)	(21)	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	Date of advance collection till 150 days after the month-end closing when invoice is issued	54,814	26	Note 1
Fine Automation Co., Ltd.	The Company	Subsidiary to parent company	Purchase	266,432	81	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	30-180 days after the month-end closing when invoice is issued	(51,205)	(78)	Note 1
Aplus Finetek Sensor Inc.	The Company	Subsidiary to parent company	Purchase	188,068	97	90 days after the month-end closing when invoice is issued	Price set based on cost-plus pricing	30-60 days after the month-end closing when invoice is issued	(54,814)	(99)	Note 1

Note 1: The listed amounts were eliminated upon consolidation.

Note 2: Selling prices to general customers were determined based on the general market, and the purchase prices from general vendors were determined based on negotiation with counterparties.

TABLE 3

FINETEK CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2021	December 31, 2020	Number of Shares (Thousands of Shares)	%	Carrying Amount			
The Company	Powerline Corp.	Samoa	Investment activities	$ 72,578 (US$ 2,211)	$ 72,578 (US$ 2,211)	1,811	100.00	$ 400,633	$ 64,730	$ 64,730	Subsidiary (Note 1)
	Golden Land International Corp.	Samoa	Investment activities	10,176 (US$ 340)	10,176 (US$ 340)	340	100.00	57,232	8,255	8,255	Subsidiary (Note 1)
	Gain Access Investments Ltd.	Samoa	Investment activities	66,941 (US$ 1,875)	66,941 (US$ 1,875)	1,875	100.00	52,089	194	194	Subsidiary (Note 1)
	PT. Finetek Automation Indonesia	Indonesia	Manufacturing and selling of transmitters, point switches and electronic terminals	48,335 (US$ 1,596)	48,335 (US$ 1,596)	1,725	99.70	33,308	(5,851)	(5,833)	Subsidiary (Note 1)
	Finetek GmbH	Germany	Sale of transmitters, point switches and electronic terminals	128,655 (US$ 4,129)	128,655 (US$ 4,129)	-	100.00	123,353	16,217	16,217	Subsidiary (Note 1)
Golden Land International Corp.	Aplus Finetek Sensor Inc.	U.S.A.	Sale of transmitters, point switches and electronic terminals	9,995 (US$ 331)	9,995 (US$ 331)	500	100.00	56,995	8,255	8,255	Second-tier subsidiary (Note 1)
Powerline Corp.	Faco International Co., Ltd.	British Virgin Islands	Investment activities	59,240 (US$ 1,811)	59,240 (US$ 1,811)	1,811	100.00	426,697	64,730	64,730	Second-tier subsidiary (Note 1)
Faco International Co., Ltd.	Finetek Pte., Ltd.	Singapore	Sale of transmitters, point switches and electronic terminals	24,247 (US$ 745)	24,247 (US$ 745)	1,672	100.00	8,143	1,165	1,165	Third-tier subsidiary (Note 1)
Finetek GmbH	Mutec Instruments GmbH	Germany	Sale of transmitters, point switches and electronic terminals	112,425 (EUR 3,256)	112,425 (EUR 3,256)	450	100.00	111,371	15,778	12,458	Second-tier subsidiary (Note 1)

Note 1: Amounts were recognized based on the audited financial statements.

Note 2: The amounts above are listed in the New Taiwan dollars. Foreign currencies are translated into NTD using the spot exchange rate at the balance sheet date, and the profits/losses are translated into NTD using the average exchange rate in the reporting period.

Note 3: Refer to Table 4 for information relating to investment in mainland China.

FINETEK CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021 (Notes 3 and 4)	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2021 (Notes 3 and 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Fine Automation Co., Ltd.	Designing, manufacturing and selling of transmitters, point switches and electronic terminals	$ 70,950 (US$ 2,230)	Note 1 (b)	$ 24,372 (US$ 720)	$ -	$ -	$ 24,372 (US$ 720)	$ 62,801	100	$ 62,801	$ 396,766	$ 139,116	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 24,372 (US$ 720) (Note 3)	$ 70,950 (US$ 2,230) (Note 4)	$ 915,303 (Note 5)

Note 1: The methods of investment in mainland China are categorized into the following:

a. Direct investment in mainland China.
b. Indirect investment in mainland China through companies registered in a third region (Powerline Corp.'s reinvestment in mainland China through investment in Faco International Co., Ltd.).
c. Other methods.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The amounts were translated into foreign currencies using the exchange rates prevailing on the remittance dates.

Note 4: Approval letter No. 092044421, 10100385930 and 10300286220. The original investment amount as of December 31, 2021 was $70,950 thousand (US$2,230 thousand), which consisted of accumulated outward remittance from Taiwan for investments amounting to $24,372 thousand (US$720 thousand) and capitalization of retained earnings amounting to $46,578 thousand (US$1,510 thousand).

Note 5: Pursuant to Order No. 09704604680 issued by the FSC, the amount above was calculated based on 60% of the Group's net equity as of December 31, 2021. ($1,525,505 thousand × 60% = $915,303 thousand).

FINETEK CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

a. The amounts and percentages of purchases and the balances and percentages of the related payables at the end of the year, and

b. The amounts and percentages of sales and the balances and percentages of the related receivables at the end of the year:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Fine Automation Co., Ltd.	Sales	$ 266,432	30	Price set based on cost-plus pricing	90 days after the month-end closing when invoice is issued	Not significantly different from those of sales to third parties	$ 51,205	24	$ 25,396
	Purchases	13,930	4	Price set based on cost-plus pricing	90 days after the month-end closing when invoice is issued	Not significantly different from those of purchases from third parties	(5,132)	6	-

c. The amount of property transactions and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and their purposes: None.

e. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 6

FINETEK CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Wu, Ding-Guo	4,442,399	9.98
UBS AG, Taipei - Wu, Ding-Guo Trust Account	3,800,000	8.54
Lin, Mi	3,639,630	8.18
Wu, Kuei-Yong	3,439,343	7.73
Wu, Shao-Pei	3,032,688	6.81
Yung Yi Chemical Co., Ltd.	2,936,006	6.60
Yida Investment Co., Ltd	2,887,488	6.49
Wu, Shao-Jyuan	2,528,502	5.68

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

FINETEK CO., LTD.

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STATEMENT 1

FINETEK CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Petty cash		$ 792
Bank deposits		
Checking accounts		3,436
Demand deposits		119,228
Foreign currency deposits	Including US$986 thousand, EUR114 thousand, RMB2,077 thousand and JPY13,075 thousand	41,551
Cash equivalents		
Fixed deposits with original maturity within 3 months	Including RMB5,000 thousand	21,720
		$ 186,727

Note: Amounts were translated into NTD using the exchange rates as follows:

USD/NTD = 27.68
EUR/NTD = 31.32
RMB/NTD = 4.344
JPY/NTD = 0.2405

STATEMENT 2

FINETEK CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount
Non-related parties		
Asia Kingdom Machinery Industry Co., Ltd.	Payments	$ 4,176
Others (Note)	Payments	19,476
		$ 23,652

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

FINETEK CO., LTD.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount
Non-related parties		
Others (Note)	Payments	$ 64,778
Less: Allowance for impairment loss		(660)
		$ 64,118
Related parties		
Aplus Finetek Sensor Inc.	Payments	$ 54,814
Fine Automation Co., Ltd.	Payments	51,205
PT. Finetek Automation Indonesia	Payments	12,666
Finetek Pte., Ltd.	Payments	7,160
Others (Note)	Payments	581
		$ 126,426

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

STATEMENT 4

FINETEK CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Net Realizable Value (Note)**
Merchandise inventory	$ 403	$ 209
Finished goods	100,458	73,574
Work in progress	25,300	25,012
Raw materials	52,683	36,903
	178,844	$ 135,698
Less: Allowance for inventory write-downs	(43,146)	
	$ 135,698	

Note: Refer to Note 4(e).

FINETEK CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2021		Increase in the Current Year		Decrease in the Current Year			Balance, December 31, 2021			
Financial Instrument Name	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Gain/(Loss) on Financial Assets at FVTOCI	Number of Shares (In Thousands of Shares)	Amount	Collateral	Note
Domestic unlisted shares											
Ultracker Technology Co., Ltd.	1,250	$ 9,690	-	$ -	-	$ -	$ 883	1,250	$ 10,573	Nil	

FINETEK CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Summary		Balance, January 1, 2021		Increase in the Current Year		Decrease in the Current Year		Balance, December 31, 2021		
Name	Interest Payment Date	Principal Payment Date	Number of Units	Carrying Amount	Number of Units	Amount	Number of Units	Amount	Number of Units	Carrying Amount	Collateral
Foreign investments											
Corporate bonds - Deutsche Bank	Annually on April 1 and October 1	April 1, 2025	1	$ 5,578	-	$ 116	-	$ (162)	1	$ 5,532	Nil
Corporate bonds - Société Générale	Annually on April 14 and October 14	April 14, 2025	1	5,682	-	2	-	(160)	1	5,524	Nil
Corporate bonds - AT&T	Annually on March 15 and September 15	September 15, 2059	-	-	1	8,385	-	(144)	1	8,241	Nil
Restricted bank deposit	-	-	-	38,814	-	-	-	(37,291)	-	1,523	Note 3
				$ 50,074		$ 8,503		$ (37,757)		$ 20,820	

Note 1: The increase in the current year was due to the purchase of bonds, amortization of discounts and reversal of expected credit losses.

Note 2: The decrease in the current year was due to the withdrawal of bank deposits, amortization of premiums, provision for expected credit losses and exchange losses.

Note 3: In accordance with the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, funds not engaged in actual investment and financial investment should be deposited in the foreign exchange deposit account for five years and withdrawn in three years after the expiration of the term.

FINETEK CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Balance, January 1, 2021		Increase in the Current Year		Decrease in the Current Year		Share of Profit or Loss of Subsidiaries, Associates and Joint Ventures	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Balance, December 31, 2021			Market Value or Net Asset Value (Note 1)		
Investee Name	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount			Number of Shares (In Thousands of Shares)	%	Amount	Unit Price (NT$)	Total Amount	Collateral
Powerline Corp. (Note 2)	1,811	$ 350,467	-	$ 14,002	-	$ (26,267)	$ 64,730	$ (2,299)	1811	100.00	$ 400,633	201	$ 426,900	Nil
Golden Land International Corp.	340	50,492	-	-	-	-	8,255	(1,515)	340	100.00	57,232	149	57,232	Nil
Gain Access Investments Ltd.	1,875	53,397	-	-	-	-	194	(1,502)	1,875	100.00	52,089	28	52,089	Nil
PT. Finetek Automation Indonesia	1,725	40,130	-	-	-	-	(5,833)	(989)	1,725	99.70	33,308	23	33,308	Nil
Finetek GmbH (Note 3)	-	148,815	-	-	-	(24,888)	16,217	(16,791)	-	100.00	123,353	-	123,353	Nil
		$ 643,301		$ 14,002		$ (51,155)	$ 83,563	$ (23,096)			$ 666,615		$ 692,882	

Note 1: Amount was estimated based on the net asset value of the investee company as of December 31, 2021 as shown on the financial statements which have been audited by the auditor of the parent company for the same periods and adjusted for unrealized gain on intercompany transactions.

Note 2: The increase in the current year was due to the reversal of the unrealized sales profit of $14,002 thousand from downstream transactions with its subsidiaries; the decrease in the current year was due to the unrealized sales profit of $26,267 thousand from downstream transactions with its subsidiaries.

Note 3: The decrease in the current year was due to the remittance of $24,888 thousand from subsidiaries' earnings.

FINETEK CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars or Thousands of Foreign Currencies)

Creditor and Category of Borrowings	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Financing Limit	Collateral
Credit borrowings					
Taipei Fubon Commercial Bank Co., Ltd.	$ -	-	-	$ 80,000	Nil
E.SUN Commercial Bank Ltd.	-	-	-	80,000	Nil
Mega International Commercial Bank Co., Ltd.	-	-	-	100,000	Nil
Taiwan Business Bank Co., Ltd.	-	-	-	100,000	Nil
	$ -			$ 360,000	

FINETEK CO., LTD.

STATEMENT OF CONTRACT LIABILITIES - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount
Non-related parties		
Ji Diing Engineering Company Ltd.	Payments	$ 1,633
Bunn O-matic Corporation of Canada	Payments	833
Dwyer Instruments Inc	Payments	724
Talleres Filsa S.A.U.	Payments	622
Turck Multiprox N.V.	Payments	452
Others (Note)	Payments	4,283
		$ 8,547

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Summary	Amount
Non-related parties		
Kai-Sheng Industrial Ltd.	Payments	$ 4,387
He-An Technology Ltd.	Payments	2,482
Tong-Sheng Industrial Ltd.	Payments	1,165
Hong-Rih Company	Payments	701
Others (Note)	Payments	3,099
		$ 11,834

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 11

FINETEK CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Fine Automation Co., Ltd.	$ 5,132
Mutec Instruments GmbH	1,182
	$ 6,314
Non-related parties	
Shanghai LEEG Instruments Co., Ltd.	$ 7,236
Excel Cell Electronic Co., Ltd.	6,557
Ho Cheng Company	4,206
Chi Jhou Precision Machinery Co., Ltd.	4,100
Chia Horng Steel Mold Mfg. Corp.	3,986
Others (Note)	47,410
	$ 73,495

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 12

FINETEK CO., LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Process automated sensor development	$ 714,423
Pneumatic control system	73,021
Others (Note)	107,601
Less: Sales returns and allowances	(599)
	$ 894,446

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

STATEMENT 13

FINETEK CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise inventory, beginning of year	$ 243
Additions: Merchandise inventory purchased	59,948
Deductions: Merchandise inventory, end of year	(403)
Transferred to expenses	(71)
Cost of goods purchased (a)	59,717
Raw materials, beginning of year	45,491
Additions: Raw material and supplies purchased	263,217
Deductions: Raw materials and supplies, end of year	(52,683)
Loss on physical raw materials and supplies	(9)
Loss on disposal of raw materials and supplies	(412)
Transferred to expenses	(4,577)
Cost of raw material and supplies used	251,027
Direct labor	41,752
Manufacturing expense	121,370
Manufacturing cost	414,149
Work in progress, beginning of year	8,840
Deductions: Work in progress, end of year	(25,300)
Cost of finished goods	397,689
Finished goods, beginning of year	86,779
Deductions: Finished goods, end of year	(100,458)
Loss on physical finished goods	(6)
Loss on disposal of finished goods	(5,711)
Transferred to expenses	(2,561)
Cost of goods manufacturing (b)	375,732
Other operating costs (c)	1,285
Disposal of inventory (d)	6,123
Inventory reversed (e)	(7,063)
Loss on physical inventory (f)	15
Operating costs (a) + (b) + (c) + (d) + (e) + (f)	$ 435,809

FINETEK CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss Reversed
Payroll and bonus expense (Note 1)	$ 47,081	$ 32,033	$ 27,285	$ -
Delivery expense	26,137	9	17	-
Research expenses	-	-	7,422	-
Professional service fees	-	4,832	2,779	-
Donations	-	7,130	-	-
Expected credit loss	-	-	-	279
Others (Note 2)	22,689	11,518	15,408	-
	$ 95,907	$ 55,522	$ 52,911	$ 279

Note 1: Including pension costs, directors' remuneration and share-based payments.

Note 2: The balance of each individual item included in others does not exceed 5% of the account balance.

FINETEK CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 68,973	$ 86,885	$ 155,858	$ 64,126	$ 89,252	$ 153,378
Labor and health insurance	7,140	9,109	16,249	6,675	9,099	15,774
Pension	2,982	4,300	7,282	3,018	4,844	7,862
Share-based payments	1,925	6,389	8,314	-	-	-
Directors' remuneration	-	8,825	8,825	-	8,795	8,795
Others	5,288	6,210	11,498	5,481	6,613	12,094
	$ 86,308	$ 121,718	$ 208,026	$ 79,300	$ 118,603	$ 197,903
Depreciation expense	$ 13,775	$ 3,419	$ 17,194	$ 14,799	$ 3,348	$ 18,147
Amortization expense	$ 1,029	$ 4,339	$ 5,368	$ 1,621	$ 6,561	$ 8,182

Note 1: For the years ended December 31, 2021 and 2020, the Company had 275 and 279 employees, respectively, of which 5 directors were not concurrently serving as employees, respectively.

Note 2:

a. For the years ended December 31, 2021 and 2020, the average employee benefits expense (excluding directors' remuneration) was $738 thousand and $690 thousand, respectively.

b. For the years ended December 31, 2021 and 2020, the average employee's salary and bonus was $577 thousand and $560 thousand, respectively.

c. The average employees' salary and bonus increased by 3.04% in 2021 from the previous year.

d. The Company has no supervisor.

e. The Company's policies on the remuneration and salary of directors, managers and employees are as follows:

The Company's policies on the remuneration and salary of directors, managers, and employees are based on the positions and responsibilities, and individual performance and the Company's operating performance, and use of industry standards as reference.

According to the Company's articles of incorporation, if there is any profit in a fiscal year, the Company shall accrue compensation of employees at rates of no less than 3% of earnings, which shall be distributed in shares or cash upon resolution of the board of directors. The distribution will include employees of affiliated companies who meet certain conditions.

With reference to the extent of directors' participation in the Company's operations and the value of their contributions, the board of directors may allocate no higher than 3% of profit as remuneration of directors.