Topkey Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Topkey Corporation

By

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SHEN WEN CHEN
President

March 10, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Topkey Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 is as follows:

Net realizable value assessment of inventory

Inventory held by the Group is stated at lower of cost and net realizable value. Determination of the net realizable value of inventory involve management's significant accounting estimation and judgment, so net realizable value assessment of inventory has been deemed as a key audit matter. The accounting policies and disclosures related to inventory refer to Notes 4, 5 and 9.

The audit procedures performed with respect to the key audit matter are as follows:

1. We understood and assessed the relevant internal control design and implement efficiency for audit risk of net realizable value assessment of inventory.

2. We assessed the reasonableness of accounting policies used by the management for estimating net realizable value of inventory.

3. By obtaining net realizable value statement evaluated by the management, we sampled, reviewed and recalculated to confirm the correctness for net realizable value and impairment loss of inventory.

Other Matter

We have also audited the parent company only financial statements of Topkey Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated 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 Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 10, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

TOPKEY CORPORATION AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,699,895	24	$ 2,588,670	25
Financial assets at fair value through profit or loss - current (Note 7)	2,887	-	219,126	2
Financeial assets at amortized cost - current (Notes 8 and 25)	1,833,109	16	1,541,199	15
Trade receivables (Note 9)	1,832,688	16	1,542,296	15
Other receivables	59,044	1	49,967	1
Other receivables from related parties (Note 24)	49,842	1	-	-
Current tax assets (Note 20)	-	-	13,746	-
Inventories (Notes 5 and 10)	1,941,829	17	1,481,308	15
Other current assets	141,152	1	96,224	1
Total current assets	8,560,446	76	7,532,536	74
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 11)	-	-	-	-
Property, plant and equipment (Notes 13 and 25)	1,949,079	17	1,854,091	18
Right-of-use assets (Notes 14 and 25)	599,675	5	686,230	7
Intangible assets	-	-	11,393	-
Deferred tax assets (Note 20)	37,266	1	26,692	-
Refundable deposits	17,985	-	19,875	-
Other non-current assets	86,536	1	60,795	1
Total non-current assets	2,690,541	24	2,659,076	26
TOTAL	$ 11,250,987	100	$ 10,191,612	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 15 and 25)	$ 2,132,450	19	$ 2,187,797	21
Trade payables	609,381	5	613,373	6
Other payables (Note 16)	657,641	6	560,935	6
Current tax liabilities (Note 20)	156,127	1	80,620	1
Lease liabilities - current (Note 14)	70,830	1	48,980	1
Endorsement and guarantee liabilities (Note 12)	138,450	1	-	-
Other current liabilities	324,470	3	351,774	3
Total current liabilities	4,089,349	36	3,843,479	38
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	40,606	-	-	-
Deferred tax liabilities (Note 20)	486,246	4	326,470	3
Lease liabilities - non-current (Note 14)	288,570	3	388,992	4
Guarantee deposits	276,140	3	-	-
Other non-current liabilities	80,247	1	42,587	-
Total non-current liabilities	1,171,809	11	758,049	7
Total liabilities	5,261,158	47	4,601,528	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock	908,200	8	908,200	9
Capital surplus	1,639,532	15	1,639,532	16
Retained earnings				
Legal reserve	720,269	6	652,367	6
Special reserve	562,808	5	498,508	5
Unappropriated earnings	2,444,114	22	2,198,769	22
Other equity				
Exchange differences on translation of the financial statement of foreign operations	(609,193)	(6)	(552,808)	(6)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(10,000)	-	(10,000)	-
Total equity attributable to owners of the Company	5,655,730	50	5,334,568	52
NON-CONTROLLING INTERESTS	334,099	3	255,516	3
Total equity	5,989,829	53	5,590,084	55
TOTAL	$ 11,250,987	100	$ 10,191,612	100

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

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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**	**%**
NET REVENUE	$ 8,691,928	100	$ 7,234,362	100
COST OF GOODS SOLD (Notes 10 and 19)	6,037,246	69	4,735,490	65
GROSS PROFIT	2,654,682	31	2,498,872	35
OPERATING EXPENSES				
Selling and marketing expenses (Note 19)	244,048	3	220,761	3
General and administrative expenses (Note 19)	627,863	7	552,451	8
Research and development expenses (Note 19)	342,155	4	310,546	4
Expected credit loss (Note 9)	2,091	-	1,374	-
Total operating expenses	1,216,157	14	1,085,132	15
INCOME FROM OPERATIONS	1,438,525	17	1,413,740	20
NON-OPERATING INCOME AND EXPENSES				
Interest income	21,050	-	36,270	1
Goverment grants income	60,226	1	63,897	1
Other gains	84,590	1	79,370	1
Gain (loss) on disposal of property, plant and equipment	5,683	-	(4,185)	-
Gain on disposal of subsidiaries (Note 12)	294,336	3	-	-
Net gain on financial assets at fair value through profit or loss	13,994	-	658	-
Interest expense	(26,336)	-	(42,269)	(1)
Loss on endorsement and guarantee (Note 12)	(278,258)	(3)	-	-
Other losses	(7,083)	-	(8,943)	-
Net foreign exchange gain (loss)	(31,321)	(1)	(335,810)	(5)
Property, plant and equipment impairment loss (Note 13)	(112,292)	(1)	-	-
Total non-operating income and expenses	24,589	-	(211,012)	(3)
INCOME BEFORE INCOME TAX	1,463,114	17	1,202,728	17
INCOME TAX EXPENSE (Note 20)	532,477	6	410,257	6
NET INCOME	930,637	11	792,471	11

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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 may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(73,380)	(1)	(33,490)	(1)
Income tax relating to items that will be reclassified subsequently to profit or loss	14,096	-	(31,044)	-
	(59,284)	(1)	(64,534)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 871,353	10	$ 727,937	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 831,647	10	$ 679,023	9
Non-controlling interests	98,990	1	113,448	2
	$ 930,637	11	$ 792,471	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 775,262	9	$ 614,723	8
Non-controlling interests	96,091	1	113,214	2
	$ 871,353	10	$ 727,937	10
EARNINGS PER SHARE (Note 21)				
Basic	$ 9.16		$ 7.48	
Diluted	$ 9.12		$ 7.45	

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

TOPKEY CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owner of the Company									
			Retained Earnings (Note 18)			Other Equity				
	Common Shares (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Loss on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests (Note 12)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 908,200	$ 1,639,328	$ 565,789	$ 466,572	$ 2,183,180	$ (488,508)	$ (10,000)	$ 5,264,561	$ 165,262	$ 5,429,823
Appropriation of 2019 earnings										
Legal reserve	-	-	86,578	-	(86,578)	-	-	-	-	-
Special reserve	-	-	-	31,936	(31,936)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(544,920)	-	-	(544,920)	-	(544,920)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(22,960)	(22,960)
	-	-	86,578	31,936	(663,434)	-	-	(544,920)	(22,960)	(567,880)
Other changes in capital surplus										
Disgorgement exercise	-	204	-	-	-	-	-	204	-	204
Net profit for the year ended December 31, 2020	-	-	-	-	679,023	-	-	679,023	113,448	792,471
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(64,300)	-	(64,300)	(234)	(64,534)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	679,023	(64,300)	-	614,723	113,214	727,937
BALANCE AT DECEMBER 31, 2020	908,200	1,639,532	652,367	498,508	2,198,769	(552,808)	(10,000)	5,334,568	255,516	5,590,084
Appropriation of 2020 earnings										
Legal reserve	-	-	67,902	-	(67,902)	-	-	-	-	-
Special reserve	-	-	-	64,300	(64,300)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(454,100)	-	-	(454,100)	-	(454,100)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	(17,508)	(17,508)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)	(17,508)	(471,608)
Net profit for the year ended December 31, 2021	-	-	-	-	831,647	-	-	831,647	98,990	930,637
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(56,385)	-	(56,385)	(2,899)	(59,284)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	831,647	(56,385)	-	775,262	96,091	871,353
BALANCE AT DECEMBER 31, 2021	$ 908,200	$ 1,639,532	$ 720,269	$ 562,808	$ 2,444,114	$ (609,193)	$ (10,000)	$ 5,655,730	$ 334,099	$ 5,989,829

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

TOPKEY CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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	$ 1,463,114	$ 1,202,728
Adjustments for:		
Depreciation expenses	424,182	444,338
Amortization expense	11,332	1,617
Expected credit loss	2,518	1,374
Net gain on financial assets at fair value through profit or loss	(13,994)	(658)
Interest expense	26,336	42,269
Interest income	(21,050)	(36,270)
Loss (gain) on disposal of property, plant and equipment	(5,683)	4,185
Gain on disposal of subsidiaries	(294,336)	-
Property, plant and equipment impairment loss	112,292	-
Write-downs of inventories	23,554	34,738
Loss on foreign currency exchange	10,414	42,561
Amortization of prepayments	44,816	26,170
Loss on endorsement and guarantee	278,258	-
Gain on lease modification	(114)	-
Changes in operating assets and liabilities:		
Trade receivables	(327,042)	(101,708)
Other receivables	(10,864)	34,146
Inventories	(500,594)	(284,299)
Other current assets	(58,917)	(24,634)
Notes payable	-	(206)
Trade payables	21,400	194,810
Other payables	80,009	(61,906)
Other current liabilities	(27,093)	76,615
Other non-current liabilities	37,660	(10,509)
Cash generated from operations	1,276,198	1,585,361
Interest received	20,920	40,928
Interest paid	(26,136)	(42,792)
Income tax paid	(293,303)	(315,638)
Net cash generated from operating activities	977,679	1,267,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(965,166)	(1,338,281)
Proceeds from disposal of financial assets at amortized cost	670,143	-
Acquisition of financial assets at fair value through profit or loss	(1,043,002)	(214,427)
Proceeds from disposal of financial assets at fair value through profit or loss	1,272,067	-
Net cash outflow on disposal of subsidiaries	(35,147)	-
Acquisition of property, plant and equipment	(549,082)	(381,611)
Proceeds from disposal of property, plant and equipment	10,343	1,486
Decrease (increase) in refundable deposits	(461)	123
Increase in other receivables from related parties	(100)	-

(Continued)

TOPKEY CORPORATION AND SUBSIDIARIES

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

	2021	2020
Increase in other non-current assets	(4,578)	(4,186)
Increase in prepayments for equipment	(44,566)	(25,431)
Net cash used in investing activities	(689,549)	(1,962,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,008,307	2,030,489
Repayments of short-term borrowings	(2,775,789)	(2,168,100)
Proceeds from long-term borrowings	41,095	-
Repayments of long-term borrowings	-	(10,899)
Increase in guarantee deposits	276,140	-
Repayments of the principal portion of lease liabilities	(57,743)	(58,662)
Cash dividends distributed to owners of the Company	(454,100)	(544,920)
Cash dividends distributed to non-controlling interests	(17,508)	(22,960)
Disgorgement exercise	-	204
Repayments of endorsement and guarantee liabilities	(139,808)	-
Net cash used in financing activities	(119,406)	(774,848)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(57,499)	(62,515)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	111,225	(1,531,831)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,588,670	4,120,501
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,699,895	$ 2,588,670

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

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

1. GENERAL INFORMATION

TOPKEY CORPORATION (the "Company") was incorporated in the Republic of China (ROC) in July 1980; and is mainly engaged in the production, processing, sale, international trading and agency services of sporting goods, carbon fiber products, glass fiber products, and composite materials.

The Company's shares were listed and have been trading on the Taiwan Stock Exchange since October 2013.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2022.

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

a. Initial application of the amendments to the Business Entity Accounting Handling, part of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Business Entity Accounting Handling, and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group'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 consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 the asset or liability.

c. Classification of current and noncurrent 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 Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 12 and Table 8 and 9 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’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 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 case, 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 and are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries in other countries that use currencies which are 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 year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate.)

On the disposal of a foreign operation (i.e., a disposal of the Company’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work-in-process, finished goods, and merchandise are stated at the lower of cost and 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 weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. 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. Except for equipment which acquisite by project is recognized using the unit of production 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

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the 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.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group entity 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (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 held by the Group are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCL.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated 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, interest earned and remeasurement gains or losses on such financial assets are recognized in non-operating income and expenses. Fair value is determined in the manner described in Note 23.

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 equivalent, financial assets at amortized cost, trade receivables, other receivables, 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.

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

iv) 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 and short-term bills 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 Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. For financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition.

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 Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

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

ii. When a financial asset is more than 181 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

c) Derecognition of financial assets

The Group 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) 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 a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of sporting goods, aviation products, and medical products. Sales of sporting goods, aviation products, and medical products are recognized as revenue when 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. Revenue and trade receivables are recognized concurrently.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from professional labor services. The revenue and trade receivables are recognized by contract.

l. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset 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, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 consolidated 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. 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 Group 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 Group 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 consolidated balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other 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 Group will comply with the conditions attached to them and that the grants will be received.

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

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 defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

p. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain 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 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 and unused loss carryforwards 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference 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 assets to be recovered. A previously unrecognized deferred tax asset is 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 asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax 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 that would follow from the manner in which the Group 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 tax 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 tax 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 Group’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 relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 1,314	$ 1,202
Checking accounts and demand deposits	1,196,378	743,767
Cash equivalents		
Time deposits	1,502,203	1,843,701
	$ 2,699,895	$ 2,588,670

Annual interest rate (%)

Demand deposits	0.001-0.35	0.0001-0.35
Time deposits	0.020-2.10	0.0018-2.03

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2021	**2020**
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Foreign exchange forward contracts	$ 2,887	$ 671
Hybrid financial assets		
Financial products	-	218,455
	$ 2,887	$ 219,126

a. At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Sell	USD/RMB	2022.01	USD12,000/RMB76,890
December 31, 2020			
Sell	USD/RMB	2021.01	USD5,000/RMB32,778

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. The Group entered into a 3-month financial products with bank. The entire contract was assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2021	**2020**
Restricted deposits	$ 1,610,372	$ 1,192,096
Bonds under repurchase agreement	222,737	235,058
Time deposits with original maturities of more than 3 months	-	114,045
	$ 1,833,109	$ 1,541,199
Annual interest rate (%)		
Restricted deposits	0.01-0.12	0.03-0.30
Bonds under repurchase agreement	2.765-5.23	2.965-4.125
Time deposits with original maturities of more than 3 months	-	0.32

Restricted deposits are mainly repatriated funds US$ 63,039 thousand, which approved by Taxation Bureau of Ministry of Finance in accordance with "Repatriated Offshore Funds Act" as of December 31, 2021, and the Group submit the investment plan to the Ministry of Economic Affairs. According to the Acts, deposits are limited to approved plans and can not be used for other purposes.

9. TRADE RECEIVABLES

	December 31	
	2021	2020
At amortized cost		
Gross carrying amount	$ 1,836,901	$ 1,552,046
Less: Allowance for impairment loss	(4,213)	(9,750)
	$ 1,832,688	$ 1,542,296

The credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

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 Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group'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 Group's different customer base.

The Group 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 Group 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 loss allowance of trade receivables of the Group were as follows:

	Not Past Due	Past Due 30-90 Days	Past Due 91-180 Days	Past Due 181-364 Days	Past Due More than 365 Days	Total
December 31, 2021						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	$ 1,831,772	$ 937	$ -	$ 52	$ 4,140	$ 1,836,901
Loss allowance	-	(47)	-	(26)	(4,140)	(4,213)
Amortized cost	$ 1,831,772	$ 890	$ -	$ 26	$ -	$ 1,832,688
December 31, 2020						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	$ 1,537,334	$ 717	$ 1,824	$ 8,345	$ 3,826	$ 1,552,046
Loss allowance	-	(24)	(576)	(5,324)	(3,826)	(9,750)
Amortized cost	$ 1,537,334	$ 693	$ 1,248	$ 3,021	$ -	$ 1,542,296

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 9,750	$ 5,431
Net remeasurement of loss allowance	2,091	4,320
Lose control of the subsidiary	(7,626)	-
Foreign exchange gains and losses	(2)	(1)
Balance at December 31	$ 4,213	$ 9,750

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 672,278	$ 511,207
Work in progress	434,989	338,756
Finished goods	611,538	536,862
Merchandise	223,024	94,483
	$ 1,941,829	$ 1,481,308

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $6,037,246 thousand and $4,735,490 thousand, respectively. The cost of goods sold included inventory write-downs (reversed) of $23,554 thousand and $34,738 thousand, respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME NON - CURRENT

	December 31	
	2021	2020
<u>Unlisted ordinary shares</u>		
Yue Pfong International Technology Corp. (Yue Pfong)	$ -	$ -

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments 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 Group's strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements were as follows:

		Proportion of Ownership (%)	
Investor	Investee	December 31, 2021	December 31, 2020
The Company	New Score Holding Limited (NSH)	100	100
	Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	100	100
NSH	Composite Solutions Corporation (CSC)	100	100
	EIC Holding Limited (EIC)	76	76
	Musonic Corporation (Musonic)	100	100
	New Score Investment Limited (NSI)	100	100
	XPT Investment Co., Limited (XPT Investment)	70	70
Musonic	Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	64	64
NSI	Keentech	36	36
	Xiamen Valver Color Sticker Co., Ltd. (Valver)	100	100
EIC	Xiament Yen Chuan Composite Technology Co., Ltd. (Yeu Chuan)	100	100
	Promet International Co., Ltd. (Promet)	-	100
XPT Investment	Xiament Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	100	100
	Maggio Investments Limited (Maggio)	-	100

In 2020, NSH increased capital through cash of US$ 2,000 thousand. The Company acquired all. After the acquisition, the shareholding proportion remains 100%.

In 2020, Topkey (VN) Corp increased capital through cash of US$ 5,000 thousand. The Company acquired all. After the acquisition, the shareholding proportion remains 100%.

In response to simplify the Group's investment structure, XPT Holding increase capital of XPT Investment through equity of Maggio, so Maggio is held by XPT Investment. Otherwise, Promet, XPT Holding, and Maggio completed the cancellation of registration in 2021.

The business closure of CSC had been resolved by the board of directors. Subsequently, CSC applied to the local court in USA for the appointment of a receiver for liquidation, and NSH lost control of CSC. The Company endorsed and guaranteed bank borrowings USD 10,000 thousand for CSC, and repaid each USD5,000 thousand in November, 2021 and February, 2022. Therefore, the Company recognized endorsement and guarantee liabilities for 138,450 thousand and loss on endorsement and guarantee for 278,258 thousand. Analysis of assets and liabilities on the date control was lost:

	CSC
Current assets	
Cash and cash equivalents	$ 35,147
Trade receivables	9,916
Other receivables	606
Inventories	7,221
Prepayments	4,910
Non-current assets	
Property, plant and equipment	6,806
Right-of-use assets	70,076
Other non-current assets	2,854
Current liabilities	
Short-term borrowings	(280,236)
Borrowings from related parties	(49,742)
Trade payables	(17,988)
Other payables	(9,724)
Lease liabilities - current	(19,543)
Non-current liabilities	
Lease liabilities - non-current	(54,639)
Net assets disposed of	$ (294,336)

Net cash outflow on disposal of subsidiaries

	CSC
Consideration received in cash and cash equivalents	$ -
Less: Cash and cash equivalents balances disposed of	35,147
	$ (35,147)

Refer to Table 8 and 9 following the Notes to Consolidated Financial statements for information on the place of incorporation and principal places of business for each subsidiary.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%) December 31 2021	2020
EIC	24	24
XPT Investment	30	30

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2021	2020	2021	2020
EIC	$ 21,101	$ 27,142	$ 132,794	$ 130,332
XPT Investment	77,889	86,306	201,305	125,184
	$ 98,990	$ 113,448	$ 334,099	$ 255,516

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

1) EIC and EIC's subsidiaries:

	December 31	
	2021	2020
Current assets	$ 677,790	$ 618,539
Non-current assets	141,165	101,202
Current liabilities	(235,550)	(166,547)
Non-current liabilities	(19,763)	-
Equity	$ 563,642	$ 553,194
Equity attributable to:		
Owners of EIC	$ 430,848	$ 422,862
Non-controlling interests of EIC	132,794	130,332
	$ 563,642	$ 553,194

	For the Year Ended December 31	
	2021	2020
Revenue	$ 1,072,177	$ 874,803
Profit for the year	$ 89,561	$ 115,629
Other comprehensive income for the year	12,042	31,042
Total comprehensive income for the year	$ 101,603	$ 146,671
Profit attributable to:		
Owners of EIC	$ 68,460	$ 88,487
Non-controlling interests of EIC	21,101	27,142
	$ 89,561	$ 115,629

(Continued)

	For the Year Ended December 31	
	2021	2020
Total comprehensive income attributable to:		
Owners of EIC	$ 77,665	$ 112,115
Non-controlling interests of EIC	23,938	34,556
	$ 101,603	$ 146,671
Cash inflow/(outflow) from:		
Operating activities	$ 82,746	$ 30,039
Investing activities	(130,774)	(17,899)
Financing activities	(88,604)	(112,339)
Net cash outflow	$ (136,632)	$ (100,199)

(Concluded)

2) XPT Investment and XPT Investment's subsidiaries:

	December 31	
	2021	2020
Current assets	$ 641,565	$ 574,296
Non-current assets	193,592	228,426
Current liabilities	(155,128)	(378,397)
Non-current liabilities	(1,687)	(2,487)
Equity	$ 678,342	$ 421,838
Equity attributable to:		
Owners of XPT Investment	$ 477,037	$ 296,654
Non-controlling interests of XPT Investment	201,305	125,184
	$ 678,342	$ 421,838

	For the Year Ended December 31	
	2021	2020
Revenue	$ 1,037,902	$ 871,054
Profit for the year	$ 262,467	$ 284,961
Other comprehensive income for the year	9,376	16,898
Total comprehensive income for the year	$ 271,843	$ 301,829
Profit attributable to:		
Owners of XPT Investment	$ 184,578	$ 198,655
Non-controlling interests of XPT Investment	77,889	86,306
	$ 262,467	$ 284,961

(Continued)

	For the Year Ended December 31	
	2021	2020
Total comprehensive income attributable to:		
Owners of XPT Investment	$ 191,171	$ 212,246
Non-controlling interests of XPT Investment	80,672	89,583
	$ 271,843	$ 301,829
Cash inflow/(outflow) from:		
Operating activities	$ 387,357	$ 225,414
Investing activities	(40,289)	(44,190)
Financing activities	(209,349)	(92,215)
Net cash inflow	$ 137,719	$ 89,009

(Concluded)

13. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021						
	Beginning Balance	Additions	Disposals	Reclassifications	Loss Control of the Subsidiary	Effect of Foreign Currency Exchange Differences	Ending Balance
Cost							
Land	$ 52,939	$ -	$ -	$ -	$ -	$ -	$ 52,939
Buildings	1,116,258	-	2,247	-	-	(6,029)	1,107,982
Machinery equipment	1,633,157	72,247	336,348	85,841	90,134	(9,209)	1,355,554
Transportation equipment	6,439	8,795	-	758	-	(42)	15,950
Other equipment	707,713	109,071	169,223	19,553	140,900	(5,571)	520,643
Construction in progress	227,769	391,356	-	(89,790)	-	(7,481)	521,854
	3,744,275	$ 581,469	$ 507,818	$ 16,362	$ 231,034	$ (28,332)	3,574,922
Accumulated depreciation							
Buildings	547,291	$ 51,618	$ 2,247	$ -	$ -	$ (2,791)	593,871
Machinery equipment	786,713	141,087	295,651	-	29,630	(4,213)	598,306
Transportation equipment	2,748	2,117	-	-	-	(18)	4,847
Other equipment	378,129	167,063	165,985	-	88,419	(3,087)	287,701
	1,714,881	$ 361,885	$ 463,883	$ -	$ 118,049	$ (10,109)	1,484,725
Accumulated impairment							
Machinery equipment	175,155	$ 58,388	$ 39,206	$ -	$ 53,698	$ (1,022)	139,617
Other equipment	148	53,904	69	-	52,481	(1)	1,501
	175,303	$ 112,292	$ 39,275	$ -	$ 106,179	$ (1,023)	141,118
	$ 1,854,091						$ 1,949,079

	For the Year Ended December 31, 2020						
	Beginning Balance	Additions	Disposals	Reclassifications	Loss Control of the Subsidiary	Effect of Foreign Currency Exchange Differences	Ending Balance
Cost							
Land	$ 52,939	$ -	$ -	$ -	$ -	$ -	$ 52,939
Buildings	1,108,411	428	10,923	6,695	-	11,647	1,116,258
Machinery equipment	1,681,779	33,727	135,165	42,404	-	10,412	1,633,157
Transportation equipment	5,071	1,917	635	2	-	84	6,439
Other equipment	705,060	132,825	148,929	20,615	-	(1,858)	707,713
Construction in progress	35,424	231,407	-	(33,847)	-	(5,215)	227,769
	3,588,684	$ 400,304	$ 295,652	$ 35,869	$ -	$ 15,070	3,744,275
Accumulated depreciation							
Buildings	498,895	$ 51,586	$ 8,932	$ -	$ -	$ 5,742	547,291
Machinery equipment	768,237	143,530	131,531	(4)	-	6,481	786,713
Transportation equipment	2,279	1,070	635	-	-	34	2,748
Other equipment	344,458	182,536	147,961	4	-	(908)	378,129
	1,613,869	$ 378,722	$ 289,059	$ -	$ -	$ 11,349	1,714,881
Accumulated impairment							
Machinery equipment	173,863	$ -	$ 849	$ -	$ -	$ 2,141	175,155
Other equipment	222	-	73	-	-	(1)	148
	174,085	$ -	$ 922	$ -	$ -	$ 2,140	175,303
	$ 1,800,730						$ 1,854,091

As a result of the closure of CSC, the estimated future cash flows expected to arise from the related equipment decreased. The Group carried out a review of the recoverable amount of the related equipment based on disposal amount and determined that the carrying amount exceeded the recoverable amount $6,806 thousand. The review led to the recognition of an impairment loss of $106,179 thousand, which was recognized in other gains and losses for the year ended December 31, 2021.

Except for equipment which acquisite by project (which is recognized in other equipment), depreciation of property, plant and equipment is calculated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40-50 years
Ancillary work	5-30 years
Machinery equipment	3-30 years
Transportation equipment	5-10 years
Other equipment	3-10 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 25.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amounts		
Land	$ 524,055	$ 550,820
Buildings	74,751	134,646
Transportation equipment	869	764
	$ 599,675	$ 686,230

	For the Year Ended December 31,	
	2021	**2020**
Additions to right-of-use assets	$ 91,330	$ -
Depreciation of right-of-use assets		
Land	$ 17,232	$ 17,197
Buildings	43,946	46,784
Transportation equipment	684	1,207
	$ 61,862	$ 65,188

Right-of-use asset pledged as collateral for bank borrowings is set out in Note 25.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 70,830	$ 48,980
Non-current	$ 288,570	$ 388,992

Rage of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.35%-4%	1.35%-4%
Buildings	0.85%-4.9%	1.1%-4.9%
Transportation equipment	0.85%-4.75%	1.1%-4.75%

c. Other lease information

	For the Year Ended December 31,	
	2021	2020
Expenses relating to short-term lease	$ 2,332	$ 1,628
Expenses relating to low value asset leases	$ 125	$ 219
Total cash outflow for leases	$ (72,496)	$ (69,417)

The Group leases certain equipment which qualify as short-term leases and which qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 2,132,450	$ 2,047,986
Secured borrowings		
Mortgage borrowings	-	139,811
	$ 2,132,450	$ 2,187,797
Annual interest rate range (%)		
Line of credit borrowings	0.61-3.82	0.85-4.6
Mortgage borrowings	-	4.57-5

Property, plant and equipment and right-of-use asset pledged as collateral for mortgage borrowings is set out in Note 25.

b. Long-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 40,606	$ -
Annual interest rate range (%)	0.79	-

16. OTHER PAYABLES

	December 31	
	2021	2020
Salaries and bonuses	$ 423,952	$ 381,721
Acquisition of equipment	68,096	39,040
Compensation of employees	42,628	36,806
Remuneration of directors and supervisors	32,103	25,902
Others	90,862	77,466
	$ 657,641	$ 560,935

17. RETIREMENT BENEFIT PLANS

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

NSH, Musonic, NSI, EIC, XPT Holding, XPT Investment, Maggio and Promet are an investment holding trade company; therefore, there is no retirement policy. CSC adopted defined contribution plan. CSC contributes funds and manages it independently. Keentech, Valver, Yeu Chuan, and Xin Hong Zhou pay endowment insurance in accordance with the regulations of mainland China. They are apporved by local governments to contribute 20% of the local average salary to local governments of which 12% is paid by the companies, and the remaining 8% is contributed by the employees. Topkey (VN) Corp contributes retirement pension fund on a monthly basic under the regulations of local governments to local governments. Except monthly contribution, Topkey (VN) Corp has no further obligations.

18. EQUITY

a. Capital stock

	December 31	
	2021	2020
Authorized shares (in thousands of shares)	180,000	180,000
Authorized capital	$ 1,800,000	$ 1,800,000
Issued and paid shares (in thousands of shares)	90,820	90,820

A holder of issued common shares with par value of NT$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	December 31	
	2021	2020
Additional paid-in capital	$ 1,549,452	$ 1,549,452
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	52,190	52,190
Disposal assets gain	35,824	35,824
Employee share options	1,862	1,862
Disgorgement exercise	204	204
	$ 1,639,532	$ 1,639,532

The capital surplus generated from the excess of the issuance price over the par value of capital stock 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. Other capital surplus shall not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Company's Articles of Incorporation (the "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 compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 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 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of 2020 and 2019 earnings which have been approved by the shareholders in the shareholders' meetings in July 2021 and May 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 67,902	$ 86,578		
Special reserve	64,300	31,936		
Cash dividends	454,100	544,920	$ 5	$ 6

The appropriation of 2021 earnings which has been proposed by the Company's board of directors on March, 2022 was as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 83,165	
Special reserve	56,384	
Cash dividends	544,920	$ 6

The appropriation of 2021 earnings is subject to the resolution of the shareholders in the shareholders' meeting to be held in May 2022.

d. Special reserve

On the initial adoption of IFRS, the retained earnings was not enough, the Company appropriated a special reserve at $126,886 that was the same as the net increase in retained earnings.

The appropriations of earning for 2020 and 2019, the Company appropriated a special reserve at $64,300 thousand and $31,936 thousand because of the deduction of other equity in the end of reporting period.

19. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2021			
Employee benefit expense			
Salary expenses	$ 1,829,883	$ 675,322	$ 2,505,205
Retirement pension	81,371	29,127	110,498
Other employee benefits	93,717	99,418	193,135
Depreciation expenses	348,095	76,087	424,182
Amortization expenses	11,332	-	11,332

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2020			
Employee benefit expense			
Salary expenses	$ 1,470,043	$ 623,084	$ 2,093,127
Retirement pension	36,029	16,373	52,402
Other employee benefits	70,644	88,952	159,596
Depreciation expenses	370,857	73,481	444,338
Amortization expenses	1,617	-	1,617

Compensation of employees and remuneration of directors and supervisors

According to the Articles, the Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 3%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March, 2022 and March, 2021, respectively, are as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	3.21%	$ 42,628	3.97%	$ 36,806
Remuneration of directors and supervisors	2.42%	32,103	2.79%	25,902

If there is a change in the amounts after the annual consolidated financial statements were authorized for issuance, the differences will be recorded as a change in the accounting estimate in the following year.

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

Information on the compensation of employees and remuneration of directors resolved by the board of directors of the Company in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 267,543	$ 275,829
Income tax on unappropriated earnings	4,636	10,117
Repatriated offshore funds	50,205	107,054
Adjustment for prior years	46,795	1,068
	369,179	394,068
Deferred tax		
In respect of the current year	208,901	16,189
Adjustment for prior years	(45,603)	-
	163,298	16,189
Income tax expense recognized in profit or loss	$ 532,477	$ 410,257

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	$ 384,876	$ 452,224
Permanent differences	152,405	(16,470)
Temporary differences	(10,632)	(36,682)
Income tax on unappropriated earnings	4,636	10,117
Adjustments for prior years' tax	1,192	1,068
Income tax expense recognized in profit or loss	$ 532,477	$ 410,257

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Assets				
Temporary differences				
Deferred revenue	$ 11,716	$ 16,225	$ -	$ 27,941
Unrealized exchange loss	7,691	(6,076)	-	1,615
Unrealized loss on inventories	5,541	635	-	6,176
Others	1,744	(210)	-	1,534
	$ 26,692	$ 10,574	$ -	$ 37,266

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Investment gain on investment accounted for using equity method	$ 294,557	$ 173,872	$ -	$ 468,429
Exchange differences on translating the financial statements of foreign operations	23,206	-	(14,096)	9,110
Reserve for land value increment tax	8,707	-	-	8,707
	$ 326,470	$ 173,872	$ (14,096)	$ 486,246

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Deferred revenue	$ 16,744	$ (5,028)	$ -	$ 11,716
Unrealized exchange loss	5,650	2,041	-	7,691
Unrealized loss on inventories	3,865	1,676	-	5,541
Exchange differences on translating the financial statements of foreign operations	7,838	-	(7,838)	-
Others	1,965	(221)	-	1,744
	$ 36,062	$ (1,532)	$ (7,838)	$ 26,692
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Investment gain on investment accounted for using equity method	$ 279,900	$ 14,657	$ -	$ 294,557
Exchange differences on translating the financial statements of foreign operations	-	-	23,206	23,206
Reserve for land value increment tax	8,707	-	-	8,707
	$ 288,607	$ 14,657	$ 23,206	$ 326,470

c. The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2021 and 2020, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities amounted to $21,856 thousand and $92,046 thousand, respectively.

d. Income tax assessments

The tax returns through 2019 of the Company have been assessed by the tax authorities.

21. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2021			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 831,647	90,820	$9.16
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	324	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 831,647	91,144	$9.12
For the Year Ended December 31, 2020			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 679,023	90,820	$7.48
Effect of potentially dilutive ordinary shares:			
Employees' compensation	-	294	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 679,023	91,114	$7.45

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

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

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Group consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

23. FINANCIAL INSTRUMENTS

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

Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

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

1) Fair Value Hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2021				
Financial assets at FVTPL				
Derivative instruments	$ -	$ 2,887	$ -	$ 2,887
December 31, 2020				
Financial assets at FVTPL				
Derivative instruments	$ -	$ 671	$ -	$ 671
Financial products	-	218,455	-	218,455
	$ -	$ 219,126	$ -	$ 219,126

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial products	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL	$ 2,887	$ 219,126
Financial assets at amortized cost	6,492,563	5,742,007
Financial liabilities		
Amortized cost	3,854,668	3,362,105

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, trade receivables, other receivables, and refundable deposits.

The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, endorsement and guarantee liabilities, long-term borrowings, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, lease liabilities, and borrowings. The Group'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 Group 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), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Approximately 90% of the Group's sales is denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst almost 10% of costs is denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 28.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD 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 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in income before income tax and other equity associated with the NTD strengthening 1% against the relevant currency. For a 1% weakening of the NTD against the USD, there would be an equal and opposite impact on income before income tax and other equity, and the balances below would be negative.

	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ 37,052	$ 27,519

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 3,332,100	$ 3,587,475
Financial liabilities	2,136,456	895,689
Cash flow interest rate risk		
Financial assets	1,199,591	741,736
Financial liabilities	396,000	1,730,080

Sensitivity analysis

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

For a 1% basis points higher/lower against interest rates and all other variables were held constant, the Group's income before income tax for the years ended December 31, 2021 and 2020 would decrease/increase by $8,036 thousand and $9,883 thousand, respectively.

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 Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties, and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the accounts receivable, and purchases credit guarantee insurance contracts when necessary.

The Group's concentration of credit risk of 35% and 42% of total trade receivables as of December 31, 2021 and 2020, respectively, was attributable to the Group's two largest customers in the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out as follows:

	December 31	
	2021	**2020**
Unutilized bank loan limits	$ 4,596,775	$ 4,368,168

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

	Less than 1 Year	More than 1 Years
December 31, 2021		
Non-interest bearing liabilities	$ 1,405,472	$ -
Lease liabilities	56,624	340,483
Floating interest rate liabilities	396,000	-
Fix interest rate liabilities	1,736,450	40,606
	$ 3,594,546	$ 381,089
December 31, 2021		
Non-interest bearing liabilities	$ 1,174,308	$ -
Lease liabilities	64,210	450,590
Floating interest rate liabilities	1,445,000	-
Fix interest rate liabilities	742,797	-
	$ 3,426,315	$ 450,590

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	More than 20 Years
December 31, 2021						
Lease liabilities	$ 56,624	$111,335	$ 80,629	$ 98,717	$ 24,201	$ 25,601
December 31, 2020						
Lease liabilities	$ 64,210	$202,601	$ 90,556	$ 90,556	$ 40,879	$ 25,998

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Categories
CSC	Sub-subsidiary (liquidation in progress)

b. Other receivables

Related Party Name	December 31 2021	December 31 2020
CSC	$ 49,842	$ -

c. Compensation of key management personnel

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 82,740	$ 74,616
Post-employment benefits	966	955
	$ 83,706	$ 75,571

The remuneration of directors and key management personnel was determined by the remuneration committee based on the market trends and performance of individuals.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the deposits for electricity company:

	December 31	
	2021	**2020**
Financial assets at amortized cost	$ 3,091	$ -
Property, plant, and equipment	50,204	56,818
Right-of-use assets	11,180	11,569
	$ 64,475	$ 68,387

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The Company insures liability insurance for products sold all regions of the world. The renewal period for bicycle products is from December 1, 2021 to December 1, 2022. The maximum compensation amount for a single event is US$ 6,000 thousand, and the cumulative compensation amount is US$ 8,000 thousand. The renewal period for helemt products is from April 1, 2021 to April 1, 2022. The maximum compensation amount for a single event is US$ 5,000 thousand, and the cumulative compensation amount is US$ 6,000 thousand. The renewal period for aviation products is from August 1, 2021 to August 1, 2022. The maximum compensation amount for a single event is US$ 1,000 thousand, and the cumulative compensation amount is US$ 2,000 thousand.

b. Unrecognized commitments were as follows:

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment	$ 451,519	$ 156,729

27. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company signed a new plant construction contract in January 2022 in the form of engaging others to build on rented land. The total contract amount is 1,867,000 thousand, excluding tax.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Group entities and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In USD)	Exchange Rate	Carrying Amount (In NTD)
December 31, 2021			
Financial assets			
Monetary items	$ 201,565	27.69	$ 5,581,330
Financial liabilities			
Monetary items	67,755	27.69	1,876,123
December 31, 2020			
Financial assets			
Monetary items	136,018	28.508	3,877,590
Financial liabilities			
Monetary items	39,486	28.508	1,125,657

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1 (USD:NTD)	$ (30,075)	1 (USD:NTD)	$ (112,202)
USD	28.02 (USD:NTD)	34,818	29.58 (USD:NTD)	8,300
RMB	4.35 (RMB:NTD)	(36,064)	4.29 (RMB:NTD)	(231,908)

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. Information on investees:

1) Financing provided to others (Table 1).

2) Endorsements/guarantees provided (Table 2).

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

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4).

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 5).

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6).

9) Trading in derivative instruments (Note 7).

10) Intercompany relationships and significant intercompany transactions (Table 7).

11) Information on investees (Table 8).

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 9)

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 7):

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 10)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were as sporting products, aviation and medical products, and others.

a. Segment revenue and operating results

The following was an analysis of the Group's revenue and operating results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	2021	2020	2021	2020
Sporting products	$ 6,592,098	$ 5,467,193	$ 1,209,552	$ 1,258,070
Aviation and medical products	731,946	883,814	69,778	101,960
Others	1,367,884	883,355	159,195	53,710
Generated from Continuing Operating Segment	$ 8,691,928	$ 7,234,362	1,438,525	1,413,740
Interest income			21,050	36,270
Government grants income			60,226	63,897
Other gains			84,590	79,370
Gain (loss) on disposal of property, plant and equipment			5,683	(4,185)
Gain on disposal of subsidiaries			294,336	-
Net gains on financial assets at FVTPL			13,994	658
Interest expense			(26,336)	(42,269)
Loss on endorsement and guarantee			(278,258)	-
Other losses			(7,083)	(8,943)
Foreign exchange loss			(31,321)	(335,810)
Property, plant and equipment iimpairment losses			(112,292)	-
Income before income tax			$ 1,463,114	$ 1,202,728

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2021 and 2020.

Segment profit represents the gains and losses earned by each segment excluding government grants income, interest income, gain (loss) on disposal of property, plant and equipment, net gain on financial assets at FVTPL, foreign exchange gain (loss), interest expense, loss on endorsement and guarantee, other gain and loss, and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

The Group does not provide reporting segment information for operational decision maker, so the measurement of assets is zero.

c. Geographical information

The Group operates in three principal geographical areas - Asia, Europe, and America.

Revenue from continuing operations of the Group from external customers by location of operations and information about its non-current assets by location of assets were as follows.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Asia	$ 5,400,034	$ 4,404,421	$ 2,653,275	$ 2,416,967
Europe	1,765,863	1,088,114	-	-
America	1,325,547	1,587,626	-	215,417
Others	200,484	154,201	-	-
	$ 8,691,928	$ 7,234,362	$ 2,653,275	$ 2,632,384

Non-current assets exclude assets classified as financial instruments and deferred tax assets.

d. Information of major customers

Single customer contributed 10% or more to the Group's revenue as below:

	For the Year Ended December 31			
	2021		2020	
Name	Amount	%	Amount	%
Customer A	$ 2,411,255	28	$ 2,066,904	29

TOPKEY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	CSC	Other receivable from related parties	Yes	$ 57,062	$ 55,380	$ 49,150	1	2	$ -	Operating capital	$ -	-	$ -	$ 1,413,933 (Note 2)	$ 1,413,933 (Note 2)
		Topkey (VN) Corp	Other receivable from related parties	Yes	142,655	-	-	1	2	-	Operating capital	-	-	-	1,413,933 (Note 2)	1,413,933 (Note 2)

Note 1: The nature of financing provided to other:

1. Business transaction.

2. Operating capital.

Note 2: 20% of the net equity of the company in their latest financial statement. If the company hold 100% voting rights directly or indirectly, no more than 25% of the net equity of the company in their latest financial statement.

Note 3: 25% of the net equity of the company who provide financing to other in their latest financial statement.

Note 4: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 5: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

TOPKEY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	NSI	Indirectly owned subsidiary	$ 2,827,865 (Note 1)	$ 681,860	$ 664,560	$ -	$ -	12	$ 2,827,865 (Note 1)	Y	-	-
		CSC	Indirectly owned subsidiary	2,827,865 (Note 1)	427,965	138,450	138,450	-	3	2,827,865 (Note 1)	Y	-	-
		Topkey (VN) Corp	Directly owned subsidiary	2,827,865 (Note 1)	1,027,116	996,840	178,859	-	19	2,827,865 (Note 1)	Y	-	-

Note 1: 30% of the net equity of the company in their latest financial statement. If the company hold 100% voting rights directly or indirectly, no more than 50% of the net equity of the company in their latest financial statement.

Note 2: Highest balance for the period and ending balance are the quota approved by board of directors as reporting amount and exchange by foreign amount in reporting month multiply by new taiwan dollar exchange rate in reporting month.

Note 3: Actual amount borrowed is actual foreign amount borrowed multiply new taiwan dollar exchange rate in reporting month.

TABLE 3

TOPKEY CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	Yue Pfong	-	Financial assets at FVTOCI - non-current	190	$ -	1	$ -	

Note: Refer to Tables 8 and 9 for information on subsidiary investment.

TABLE 4

TOPKEY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Keentech	Financial product													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	RMB 50,000	-	RMB 180,000	-	RMB 232,300	RMB 230,000	RMB 2,300	-	RMB -
	XYZQ industrial securities - XL No1	Financial assets at FVTPL - current	-	-	-	-	-	RMB 20,000	-	RMB 20,409	RMB 20,000	RMB 409	-	RMB -
Yeu Chuan	Financial product													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	-	-	RMB 40,000	-	RMB 40,392	RMB 40,000	RMB 392	-	RMB -
Valver	Financial product													
	XYZQ industrial securities - XL No5	Financial assets at FVTPL - current	-	-	-	-	-	RMB 10,000	-	RMB 10,075	RMB 10,000	RMB 75	-	RMB -

TOPKEY CORPORATION AND SUBSIDIARIES

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)

Buyer	Related Party (Note)	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	NSI	Indirectly owned subsidiary	Sale	$ (102,000)	(2)	T/T 90 days	$ -	-	$ 16,939	1	
	Keentech	Indirectly owned subsidiary	Purchase	3,571,519	74	T/T 90 days	-	-	(1,069,828)	(77)	
	Yeu Chuan	Indirectly owned subsidiary	Sale	(119,941)	(2)	T/T 90 days	-	-	27,707	2	
			Purchase	543,123	11	T/T 90 days	-	-	(144,946)	(10)	
NSI	Keentech	Investment accounted for using the equity method	Sale	(477,313)	(23)	T/T 30-90 days	-	-	107,370	19	
			Purchase	1,262,519	73	T/T 60-90 days	-	-	(355,568)	(100)	
XPT Investment	Xin Hong Zhou	XPT Investment's subsidiary	Purchase	518,617	93	T/T 75 days	-	-	(107,168)	(100)	

Note: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Keentech	The Company	The ultimate parent of Keentech	$ 1,069,828	1.90	$ -	-	$ 333,471	$ -
Keentech	NSI	The parent for using the equity method of Keentech	355,568	2.27	-	-	84,199	-
Yeu Chuan	The Company	The ultimate parent of Yeu Chuan	144,946	1.82	-	-	-	-
Xin Hong Zhou	XPT Investment	The parent of Xin Hong Zhou	107,168	2.27	-	-	-	-
NSI	Keetech	Investment accounted for using the equity method	107,370	3.96	-	-	107,369	-

Note: Transactions have been eliminated.

TABLE 7

TOPKEY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets
0	The Comany	NSI	1	Sales	$ 102,000	T/T 90 days	1
		Keentech	1	Purchases	3,571,519	T/T 90 days	41
			1	Trade payables	1,069,828	T/T 90 days	9
		Yeu Chuan	1	Sales	119,941	T/T 90 days	1
			1	Purchases	543,123	T/T 90 days	6
			1	Trade payables	144,946	T/T 90 days	1
1	NSI	Keentech	2	Sales	477,313	T/T 30-90 days	5
			2	Purchases	1,262,519	T/T 60-90 days	15
			2	Trade receivables	107,370	T/T 30-90 days	1
			2	Trade payables	355,568	T/T 60-90 days	3
2	XPT Investment	Xin Hong Zhou	2	Purchases	518,617	T/T 75 days	6
			2	Trade payables	107,168	T/T 75 days	1

Note 1: 1) From parent company to subsidiary.

2) From subsidiary to subsidiary.

Note 2: For the year ended December 31, 2021, sales, purchases and unrealized gain with investee in mainland China are 21,156 thousand (Transactions have been eliminated).

Note 3: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	NSH	British Virgin Islands	International investment	$ 2,254,381	$ 2,320,979	80,137	100	$ 4,470,740	$ 902,662	$ 881,506	Subsidiary
	Topkey (VN) Corp	Vietnam	Manufacture and sale of carbon fiber products, glass fiber products and composite components	415,350	427,620	-	100	395,469	(12,151)	(12,151)	Subsidiary
NSH	CSC	Seattle, USA	Development, manufacture and sale of aviation composite components	592,898	610,413	22	100	-	-	(Note 1)	Indirectly owned subsidiary
	EIC	Seychelles	International investment	160,187	164,919	3,822	76	430,848	89,561	(Note 1)	Indirectly owned subsidiary
	NSI	Hong Kong	International investment and trade	347,177	357,433	12,498	100	1,651,506	343,846	(Note 1)	Indirectly owned subsidiary
	Musonic	British Virgin Islands	International investment	1,044,827	1,075,692	22,228	100	1,927,611	222,745	(Note 1)	Indirectly owned subsidiary
	XPT Investment	Hong Kong	International investment and trade	341,902	352,002	11,388	70	477,037	262,467	(Note 1)	Indirectly owned subsidiary
XPT Investment	Maggio	Seychelles	International trade	-	42,762	-	-	-	5,104	(Note 1)	Indirectly owned subsidiary

Note 1: Exempted according to regulations.

Note 2: Transactions have been eliminated.

Note 3: Refer to Table 9 for information on subsidiary investment in mainland China.

Note 4: Foreign amount in the Table is exchanged to new taiwan dollors by rate on balance sheet date.

TOPKEY CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Keentech	Manufacture and sale of carbon fiber products, glass fiber products and composite components	$ 1,273,740	(Note 1)	$ 961,784	$ -	$ -	$ 961,784	$ 373,131	100	$ 373,131	$ 3,004,291	$ 2,716,613
Yeu Chuan	Manufacture of various helmets, glasses, and components of vehicles	138,450	(Note 1)	76,148	-	-	76,148	92,872	76	70,991	427,245	203,205
Xin Hong Zhou	Development, design and manufacture of various precision molds, processing of various plastic and rubber products	425,734	(Note 1)	233,288	-	-	233,288	227,479	70	159,972	365,950	-
Valver	Manufacture of water gage and HRNT	34,613	(Note 1)	41,895	-	-	41,895	9,359	100	9,359	113,566	-

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
$ 1,313,115 (USD 47,422)	$ 1,840,444 (USD 66,466)	(Note 3)

Note 1: The investment was mage through a company established in a third country, which in turn invested in company located in mainland China.

Note 2: The investment gain (loss) are recognized according to the financial statements audited by the Company's independent auditors.

Note 3: The Company had obtained the certification documents issued by the Industrial Bureau of the Ministry of Economic Affairs to meet the operating scope of operational headquaters with "Regulation Governing the Examination of Investment or Technical Cooperation in Mainland China" noticed by the Ministry of Economic Affairs on August 29, 2008.

Note 4: Foreign amount in the Table is exchanged to new taiwan dollors by rate on balance sheet date.

Note 5: Transactions have been eliminated.

TOPKEY CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Shen Wen Chen	9,654,182	10.63%

Note: 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 preferred 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.