Topkey Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Topkey Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Net realizable value assessment of inventory

Inventory held by the Company 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2022

Notice to Readers

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

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

TOPKEY CORPORATION

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)	$ 1,655,745	15	$ 743,274	8
Financeial assets at amortized cost - current (Note 7)	1,607,281	15	1,193,998	13
Trade receivables (Note 8)	1,082,314	10	1,013,785	11
Trade receivables from related parties (Note 23)	210,264	2	100,258	1
Other receivables	21,747	-	16,506	-
Other receivables from related parties (Note 23)	51,894	-	73,992	1
Inventories (Notes 5 and 9)	786,251	7	331,593	4
Other current assets	79,450	1	45,710	-
Total current assets	5,494,946	50	3,519,116	38
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 10)	-	-	-	-
Investments accounted for using the equity method (Note 11)	4,866,209	44	5,152,833	56
Property, plant and equipment (Note 12)	283,115	3	291,717	3
Right-of-use assets (Note 13)	263,559	3	251,920	3
Deferred tax assets (Note 19)	37,266	-	26,692	-
Refundable deposits	8,700	-	9,650	-
Other non-current assets	38,723	-	21,745	-
Total non-current assets	5,497,572	50	5,754,557	62
TOTAL	$ 10,992,518	100	$ 9,273,673	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,994,000	18	$ 1,693,000	18
Trade payables	182,844	2	105,273	1
Trade payables to related parties (Note 23)	1,214,781	11	961,709	11
Other payables (Note 15)	234,230	2	186,653	2
Other payables to related parties (Note 23)	18,988	-	-	-
Current tax liabilities (Note 19)	143,674	2	34,023	-
Lease liabilities - current (Note 13)	31,858	-	17,049	-
Endorsement and guarantee liabilities (Note 11)	138,450	1	-	-
Other current liabilities	298,829	3	334,137	4
Total current liabilities	4,257,654	39	3,331,844	36
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 19)	486,246	4	326,470	3
Lease liabilities - non-current (Note 13)	236,501	2	238,205	3
Guarantee deposits	276,140	3	-	-
Other non-current liabilities	80,247	1	42,586	-
Total non-current liabilities	1,079,134	10	607,261	6
Total liabilities	5,336,788	49	3,939,105	42
EQUITY				
Capital stock	908,200	8	908,200	10
Capital surplus	1,639,532	15	1,639,532	18
Retained earnings				
Legal reserve	720,269	7	652,367	7
Special reserve	562,808	5	498,508	5
Unappropriated earnings	2,444,114	22	2,198,769	24
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	5,655,730	51	5,334,568	58
TOTAL	$ 10,992,518	100	$ 9,273,673	100

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

TOPKEY CORPORATION

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 (Note 23)	$ 5,862,658	100	$ 4,536,256	100
COST OF GOODS SOLD (Notes 9, 18 and 23)	4,744,478	81	3,736,629	82
GROSS PROFIT	1,118,180	19	799,627	18
UNREALIZED LOSS (GAIN) ON TRANSACTIONS WITH SUBSIDIARIES	81	-	(1,394)	-
GROSS PROFIT	1,118,261	19	798,233	18
OPERATING EXPENSES				
Selling and marketing expenses (Note 18)	106,995	2	76,979	2
General and administrative expenses (Note 18)	321,027	5	293,384	7
Research and development expenses (Note 18)	47,823	1	61,790	1
Expected credit loss (gain) (Note 8)	(5,149)	-	5,091	-
Total operating expenses	470,696	8	437,244	10
INCOME FROM OPERATIONS	647,565	11	360,989	8
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries (Note 11)	869,355	15	597,089	13
Interest income (Note 23)	2,670	-	11,821	-
Other gains	57,641	1	26,622	1
Interest expense	(14,623)	-	(16,419)	-
Loss on endorsement and guarantee (Note 11)	(278,258)	(5)	-	-
Other losses	(1,167)	-	(539)	-
Loss on disposal of property, plant and equipment	-	-	(1,991)	-
Net foreign exchange loss	(30,075)	(1)	(112,202)	(3)
Total non-operating income and expenses	605,543	10	504,381	11
INCOME BEFORE INCOME TAX	1,253,108	21	865,370	19
INCOME TAX EXPENSE (Note 19)	421,461	7	186,347	4
NET INCOME	831,647	14	679,023	15

(Continued)

TOPKEY CORPORATION

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	(70,481)	(1)	(33,256)	(1)
Income tax relating to items that will be reclassified subsequently to profit or loss	14,096	-	(31,044)	-
Other comprehensive income (loss) for the year, net of income tax	(56,385)	(1)	(64,300)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 775,262	13	$ 614,723	14
EARNINGS PER SHARE (Note 20)				
Basic	$ 9.16		$ 7.48	
Diluted	$ 9.12		$ 7.45	

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

(With Deloitte & Touche auditors' report dated March 10, 2022) (Concluded)

TOPKEY CORPORATION

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

			Retained Earnings (Note 17)			Other Equity		
	Common Shares (Note 17)	Capital Surplus (Note 17)	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 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
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)
	-	-	86,578	31,936	(663,434)	-	-	(544,920)
Other changes in capital surplus								
Disgorgement exercise	-	204	-	-	-	-	-	204
Net profit for the year ended December 31, 2020	-	-	-	-	679,023	-	-	679,023
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(64,300)	-	(64,300)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	679,023	(64,300)	-	614,723
BALANCE AT DECEMBER 31, 2020	908,200	1,639,532	652,367	498,508	2,198,769	(552,808)	(10,000)	5,334,568
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)
	-	-	67,902	64,300	(586,302)	-	-	(454,100)
Net profit for the year ended December 31, 2021	-	-	-	-	831,647	-	-	831,647
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(56,385)	-	(56,385)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	831,647	(56,385)	-	775,262
BALANCE AT DECEMBER 31, 2021	$ 908,200	$ 1,639,532	$ 720,269	$ 562,808	$ 2,444,114	$ (609,193)	$ (10,000)	$ 5,655,730

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

(With Deloitte & Touche auditors' report dated March 10, 2022)

TOPKEY CORPORATION

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	$ 1,253,108	$ 865,370
Adjustments for:		
Depreciation expenses	67,982	64,995
Expected credit loss (gain)	(4,722)	5,091
Interest expense	14,623	16,419
Interest income	(2,670)	(11,821)
Share of profit of subsidiaries	(869,355)	(597,089)
Loss on disposal of property, plant and equipment	-	1,991
Write-downs of inventories	3,178	8,380
Unrealized loss (gain) on the transactions with subsidiaries	(81)	1,394
Loss on foreign currency exchange	982	5,261
Amortization of prepayments	3,473	7,255
Loss on endorsement and guarantee	278,258	-
Gain on lease modification	(4)	-
Changes in operating assets and liabilities:		
Trade receivables	(178,265)	(260,873)
Other receivables	(57,927)	(7,689)
Inventories	(457,836)	(183,633)
Other current assets	(36,228)	(24,617)
Notes payable	-	(206)
Trade payables	335,140	299,540
Other payables	45,298	(4,760)
Other current liabilities	(30,908)	78,779
Other non-current liabilities	37,661	(10,509)
Cash generated from operations	401,707	253,278
Interest received	2,541	16,479
Interest paid	(14,136)	(16,857)
Income tax paid	(148,512)	(146,266)
Net cash generated from operating activities	241,600	106,634
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fiancial assets at amortized cost	(454,690)	(1,100,762)
Proceeds from disposal of financial assets at amortized cost	41,407	-
Acquisitions of subsidiaries	-	(207,317)
Acquisition of property, plant and equipment	(5,831)	(16,923)
Decrease (increase) in refundable deposits	950	(53)
Decrease (increase) in other receivables from related parties	73,830	(32,132)
Increase in other non-current assets	(146)	(1,493)
Increase in prepayments for equipment	(21,016)	(14,694)
Dividends received	1,081,179	1,338,249
Net cash generated from (used in) investing activities	715,683	(35,125)

(Continued)

TOPKEY CORPORATION

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,644,000	1,693,000
Repayments of short-term borrowings	(2,343,000)	(1,750,000)
Increase in guarantee deposits	276,140	-
Repayments of the principal portion of lease liabilities	(28,044)	(26,875)
Cash dividends distributed to owners of the Company	(454,100)	(544,920)
Disgorgement exercise	-	204
Repayments of endorsement and guarantee liabilities	(139,808)	-
Net cash used in financing activities	(44,812)	(628,591)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	912,471	(557,082)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	743,274	1,300,356
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,655,745	$ 743,274

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

(With Deloitte & Touche auditors' report dated March 10, 2022) (Concluded)

TOPKEY CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(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 financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 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 IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies:

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

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

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

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

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

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

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company'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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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.

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

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 Company 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. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from 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 financial statements, the functional currencies of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, 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 Company 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.

f. Investments accounted for using the equity method

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

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

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

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

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

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

g. Property, plant and equipment

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

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, and right-of-use 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 Company 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 Company 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 Company are classified into the following categories: financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i. 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.

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. For financial instruments, the Company 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 Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

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

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

c) Derecognition of financial assets

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

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

2) 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.

j. 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.

k. Leasing

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

1) The Company 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 Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases 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 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 Company uses the lessee's incremental borrowing rate.

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

l. 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.

m. 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.

n. 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 Company 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

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

The Company 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	$ 910	$ 850
Checking accounts and demand deposits	430,908	193,309
Cash equivalents		
Time deposits	1,223,927	549,115
	$ 1,655,745	$ 743,274
Annual interest rate (%)		
Demand deposits	0.001-0.2	0.001-0.2
Time deposits	0.02-0.315	0.08-0.31

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2021	**2020**
Restricted deposits	$ 1,607,281	$ 1,164,055
Time deposits with original maturities of more than 3 months	-	29,943
	$ 1,607,281	$ 1,193,998
Annual interest rate (%)		
Restricted deposits	0.01-0.12	0.03-0.26
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 Company 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.

8. TRADE RECEIVABLES

	December 31 2021	December 31 2020
At amortized cost		
Gross carrying amount	$ 1,086,527	$ 1,023,147
Less: Allowance for impairment loss	(4,213)	(9,362)
	$ 1,082,314	$ 1,013,785

The credit period of sales of goods is 60 to 120 days. No interest was charged on trade receivables. The Company 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 Company uses other publicly available financial information or its own trading records to rate its major customers. The Company'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 Company 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 Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated 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 Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The loss allowance of trade receivables of the Company 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	$ 1,081,398	$ 937	$ -	$ 52	$ 4,140	$ 1,086,527
Loss allowance	-	(47)	-	(26)	(4,140)	(4,213)
Amortized cost	$ 1,081,398	$ 890	$ -	$ 26	$ -	$ 1,082,314

	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, 2020						
Expected credit loss rate (%)	-	5	25	50	100	
Gross carrying amount	$ 1,010,228	$ 475	$ 272	$ 8,346	$ 3,826	$ 1,023,147
Loss allowance	-	(23)	(189)	(5,324)	(3,826)	(9,362)
Amortized cost	$ 1,010,228	$ 452	$ 83	$ 3,022	$ -	$ 1,013,785

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 9,362	$ 4,271
Net remeasurement of loss allowance	(5,149)	5,091
Balance at December 31	$ 4,213	$ 9,362

9. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 213,259	$ 57,482
Work in progress	99,634	24,091
Finished goods	250,334	155,537
Merchandise	223,024	94,483
	$ 786,251	$ 331,593

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $4,744,478 thousand and $3,736,629 thousand, respectively. The cost of goods sold included loss on inventory write-downs of $3,178 thousand and $8,380 thousand, respectively.

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

	December 31	
	2021	2020
Unlisted ordinary shares		
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 Company's strategy of holding these investments for long-term purposes.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Subsidiary	December 31 2021	December 31 2020
New Score Holding Limited (NSH)	$ 4,470,740	$ 4,733,319
Topkey (Vietnam) Corporation Company Limited (Topkey (VN) Corp)	395,469	419,514
	$ 4,866,209	$ 5,152,833

Name of Subsidiary	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020
NSH	100	100
Topkey (VN) Corp	100	100

NSH and Topkey (VN) Corp increased capital through cash of 61,367 thousand (USD 2,000 thousand) and 145,950 thousand (USD 5,000 thousand). The Company acquired all.

The business closure of Composite Solutions Corporation (CSC), the subsidiary of NSH, 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.

Share of income (loss) and other comprehensive income (loss) of subsidiaries is recognized by the financial reports that have been audited by auditors in 2021 and 2020.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Cost					
Land	$ 52,939	$ -	$ -	$ -	$ 52,939
Buildings	133,814	-	2,247	-	131,567
Machinery equipment	254,678	13,266	7,407	-	260,537
Other equipment	39,509	16,620	1,122	168	55,175
Construction in progress	27,337	-	-	(188)	27,149
	508,277	$ 29,886	$ 10,776	$ (20)	527,367
Accumulated depreciation					
Buildings	91,399	$ 6,879	$ 2,247	$ -	96,031
Machinery equipment	111,715	24,089	7,407	-	128,397
Other equipment	13,446	7,500	1,122	-	19,824
	216,560	$ 38,468	$ 10,776	$ -	244,252
	$ 291,717				$ 283,115

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Disposals	Reclassifications	Ending Balance
Cost					
Land	$ 52,939	$ -	$ -	$ -	$ 52,939
Buildings	144,309	428	10,923	-	133,814
Machinery equipment	253,364	4,464	4,184	1,034	254,678
Other equipment	36,517	7,114	4,635	513	39,509
Construction in progress	3,778	23,559	-	-	27,337
	490,907	$ 35,565	$ 19,742	$ 1,547	508,277
Accumulated depreciation					
Buildings	92,903	$ 7,427	$ 8,931	$ -	91,399
Machinery equipment	92,369	23,529	4,183	-	111,715
Other equipment	12,235	5,848	4,637	-	13,446
	197,507	$ 36,804	$ 17,751	$ -	216,560
	$ 293,400				$ 291,717

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	5-10 years
Machinery and equipment	3-10 years
Other equipment	3-10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 233,629	$ 248,231
Buildings	29,061	3,179
Transportation equipment	869	510
	$ 263,559	$ 251,920

	For the Year Ended December 31,	
	2021	2020
Additions to right-of-use assets	$ 41,371	$ -
Depreciation of right-of-use assets		
Land	$ 14,602	$ 14,601
Buildings	14,480	12,715
Transportation equipment	432	875
	$ 29,514	$ 28,191

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 31,858	$ 17,049
Non-current	$ 236,501	$ 238,205

Rage of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.35%	1.35%
Buildings	0.85%	1.1%
Transportation equipment	0.85%	1.1%

c. Other lease information

	For the Year Ended December 31,	
	2021	2020
Expenses relating to short-term lease	$ 527	$ 370
Expenses relating to low value asset leases	$ 125	$ 219
Total cash outflow for leases	$ (32,187)	$ (31,072)

The Company leases certain equipment which qualify as short-term leases and which qualify as low-value asset leases. The Company 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.

14. SHORT-TERM BORROWINGS

	December 31	
	2021	2020
Line of credit borrowings	$ 1,994,000	$ 1,693,000
Annual interest rate range (%)	0.61-0.68	0.65-0.825

15. OTHER PAYABLES

	December 31	
	2021	2020
Salaries and bonuses	$ 102,660	$ 92,016
Compensation of employees	42,628	36,806
Acquisition of equipment	39,644	18,788
Remuneration of directors and supervisors	32,103	25,902
Others	17,195	13,141
	$ 234,230	$ 186,653

16. 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.

17. 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 18.

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 thousand 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.

18. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2021			
Employee benefit expense			
Salary expenses	$ 57,252	$ 230,418	$ 287,670
Labor and health insurance costs	6,437	15,396	21,833
Retirement pension	2,418	6,414	8,832
Remuneration of directors	-	44,349	44,349
Other employee benefits	6,612	11,192	17,804
Depreciation expenses	36,555	31,427	67,982
For the Year Ended December 31, 2020			
Employee benefit expense			
Salary expenses	47,935	237,953	285,888
Labor and health insurance costs	5,099	15,061	20,160
Retirement pension	2,554	6,711	9,265
Remuneration of directors	-	39,618	39,618
Other employee benefits	5,565	9,475	15,040
Depreciation expenses	34,942	30,053	64,995

As of 2021 and 2020, the Company had 318 and 288 employees, respectively. There were 5 directors who did not serve concurrently as employees for both years. The headcounts were based on those used in the calculation of employee benefit expense. As of 2021 and 2020, the average of employee benefits expense was $1,074 thousand and $1,167 thousand, respectively; as of 2021 and 2020, the average of employee salaries was $919 thousand and $1,010 thousand, respectively, and the change in the average employee salaries was (9%) and 10%.

The salary, remuneration and business execution expenses of the directors of the company are determined in accordance with the industry standard, the attendance of directors and the Articles. The remuneration of managers and employees includes salary, retirement pension, bonus and employee compensation, which are determined according to their contributions, qualifications, business performance and responsibilities and with reference to the industry standard. In accordance with the provisions of the Articles and the operation of the board of directors and the remuneration committee, the remuneration of directors and senior managers shall not only refer to the Company's overall operating performance and future development trends, but also give reasonable remuneration according to their participation in the Company's operations and the value of their contributions. Relevant performance appraisals and the rationality of remuneration are reviewed in a timely manner, and are submitted to the remuneration committee and the board of directors for review, so as to minimize the possibility and relevance of future risks, and so as to achieve a balance between the Company's sustainable operation and risk control.

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 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 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.

19. 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	$ 165,560	$ 52,528
Income tax on unappropriated earnings	4,636	10,117
Repatriated offshore funds	50,205	107,054
Adjustment for prior years	37,762	459
	258,163	170,158
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	$ 421,461	$ 186,347

b. 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	$ 250,622	$ 173,075
Permanent differences	184,676	-
Temporary differences	(10,632)	2,696
Income tax on unappropriated earnings	4,636	10,117
Adjustments for prior years’ tax	(7,841)	459
Income tax expense recognized in profit or loss	$ 421,461	$ 186,347

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
Deferred Tax Liabilities				
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
Deferred Tax Assets				
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

(Continued)

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred Tax Liabilities				
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

(Concluded)

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.

20. 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

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
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 Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company 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.

21. CAPITAL MANAGEMENT

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

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

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Company 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.

22. FINANCIAL INSTRUMENTS

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

   Management of the Company consider the carrying amounts of the Company'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. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost	$ 4,637,945	$ 3,151,463
Financial liabilities		
Amortized cost	4,059,433	2,946,635

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 payable, other payables, endorsement and guarantee liabilities, and guarantee deposits.

c. Financial risk management objectives and policies

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

1) Market risk

The Company'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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company enters into foreign currency denominated sales and purchases, which expose the Company to foreign currency risk. Approximately 90% of the Company's sales is denominated in currencies other than the functional currency of the entity in the Company making the sale, whilst almost 10% of costs is denominated in currencies other than the functional currency of the entity in the Company.

The carrying amounts of the Company'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 26.

<u>Sensitivity analysis</u>

The Company is mainly exposed to the USD.

The following table details the Company'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	$ 16,938	$ 13,331
Equity	48,662	51,528

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company 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 Company'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	$ 2,827,996	$ 1,727,233
Financial liabilities	1,866,359	503,254
Cash flow interest rate risk		
Financial assets	434,120	209,189
Financial liabilities	396,000	1,445,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's income before income tax for the years ended December 31, 2021 and 2020 would decrease/increase by $381 thousand and $12,358 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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, 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 Company adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company 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 Company's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

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

The Company's concentration of credit risk of 58% and 53% of total trade receivables as of December 31, 2021 and 2020, respectively, was attributable to the Company's five largest customers in the property construction business segment.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out as follows:

	December 31	
	2021	**2020**
Unutilized bank loan limits	$ 2,143,850	$ 2,292,080

Liquidity and interest rate risk tables

The following table details the Company'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 Company can be required to pay.

	Less than 1 Year	More than 1 Years
December 31, 2021		
Non-interest bearing liabilities	$ 1,789,293	$ -
Lease liabilities	35,170	260,182
Floating interest rate liabilities	396,000	-
Fix interest rate liabilities	1,598,000	-
	$ 3,818,463	$ 260,182
December 31, 2020		
Non-interest bearing liabilities	$ 1,253,635	$ -
Lease liabilities	20,364	264,945
Floating interest rate liabilities	1,445,000	-
Fix interest rate liabilities	248,000	-
	$ 2,966,999	$ 264,945

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	$ 35,170	$ 78,032	$ 74,516	$ 91,075	$ 16,559	$ -
December 31, 2020						
Lease liabilities	$ 20,364	$ 66,236	$ 82,795	$ 82,795	$ 33,119	$ -

23. TRANSACTIONS WITH RELATED PARTIES

The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. Related party name and categories

Related Party Name	Related Party Categories
Topkey (VN) Corp	Subsidiary
CSC	Sub-subsidiary (liquidation in progress)
New Score Investment Limited (NSI)	Sub-subsidiary
EIC Holding Limited (EIC)	Sub-subsidiary
XPT Investment Co., Limited (XPT Investment)	Sub-subsidiary
Maggio Investments Limited (Maggio)	Sub-subsidiary (cancellation of registration)
Xiamen Yeu Chuan Composite Technology Co., Ltd. (Yeu Chuan)	Sub-subsidiary

(Continued)

Related Party Name	Related Party Categories
Xiamen Keentech Composite Technology Co., Ltd. (Keentech)	Sub-subsidiary
Xiamen Valver Color Sticker Co., Ltd. (Valver)	Sub-subsidiary
Xiamen Xin Hong Zhou Precision Technology Co., Ltd. (Xin Hong Zhou)	Sub-subsidiary

(Concluded)

b. Sales of goods

	For the Year Ended December 31	
Related Party Name	2021	2020
Yeu Chuan	$ 119,941	$ 5,897
NSI	102,000	102,000
Keentech	89,660	49,530
Topkey (VN) Corp	74,922	-
Valver	3,474	5
Xin Hong Zhou	835	787
	$ 390,832	$ 158,219

Due to the differences in product specifications, the selling prices of goods sold to related parties and those sold to third parties are not comparable. The selling price is quoted at cost plus a reasonable margin based on the market and competitor pricing. The price is marked up by 6% on cost in 2022 and 2021. Payment terms are all T/T 60 days. The transaction between the Company and Topkey (VN) Corp is an agency purchase transaction, and it is sold to Topkey (VN) Corp at the purchase price. Payment term is T/T 180 days.

The Company has made a technical service cooperation contract with the subsidiary to dispatch professionals to provide related labor services. Monthly payment of 8,500 thousand as agreed in 2022 and 2021.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Name	2021	2020
Keentech	$ 3,571,519	$ 3,020,272
Yeu Chuan	543,123	298,862
NSI	28	63
	$ 4,114,670	$ 3,319,197

The products purchased from related parties and those from third parties are not the same, therefore, their prices are not comparable. Payment terms are all T/T 90 days.

Items referred to under Rule No. 00747 issued by the FSC on March 18, 1998, should be eliminated for the amount of purchases and sales that are calculated double between related parties are as follows:

	For the Year Ended December 31	
	2021	2020
Yeu Chuan	$ 16,365	$ -
Topkey (VN) Corp	74,922	-
	$ 91,287	$ -

d. Trade receivables

Related Party Name	December 31	
	2021	2020
Keentech	$ 91,722	$ 77,347
Topkey (VN) Corp	73,837	-
Yeu Chuan	27,707	5,870
NSI	16,939	16,892
Xin Hong Zhou	54	141
Valver	5	8
	$ 210,264	$ 100,258

Receivables from related parties are not estimated for loss allowance.

e. Other receivables

Related Party Name	December 31	
	2021	2020
CSC	$ 49,842	$ 66
NSI	987	961
XPT Investment	675	889
Topkey (VN) Corp	216	764
EIC	174	42
	$ 51,894	$ 2,722

f. Loans to related parties

Line Item	Related Party Name	December 31	
		2021	2020
Other receivables	Topkey (VN) Corp	$ -	$ 71,270

Line Item	Related Party Name	For the Year Ended December 31	
		2021	2020
Interest income	CSC	$ 573	$ 639
	Topkey (VN) Corp	240	355
		$ 813	$ 994

The Company provided short-term loans to subsidiaries at rates comparable to market interest rates. The interest rates are all 1% in 2022 and 2021.

g. Trade payable

Related Party Name	**December 31**	
	2021	**2020**
Keentech	$ 1,069,828	$ 806,695
Yeu Chuan	144,946	155,014
NSI	7	-
	$ 1,214,781	$ 961,709

h. Other payables

Related Party Name	**December 31**	
	2021	**2020**
Keentech	$ 10,419	$ -
Yeu Chuan	8,569	-
	$ 18,988	$ -

i. Endorsements/ guarantees

Related Party Category	**December 31**	
	2021	**2020**
Sub-subsidiaries		
Amount endorse	$ 1,799,850	$ 1,653,464
Amount utilized	317,309	285,080

j. Compensation of key management personnel

	For the Year Ended December 31	
	2021	**2020**
Short-term employee benefits	$ 76,550	$ 71,931
Post-employment benefits	966	955
	$ 77,516	$ 72,886

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

24. 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 amout is US$ 8,000 thousand. The renewal period for helemt products is from April 1, 2021 to April 1, 2022. Ther maximun 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 maximun compensation amoutn 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	$ 6,245	$ 7,251

25. 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.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the Company 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	$ 121,523	27.690	$ 3,364,959
Non-monetary items	175,739	27.690	4,866,209
Financial liabilities			
Monetary items	60,353	27.690	1,671,175
December 31, 2020			
Financial assets			
Monetary items	81,328	28.508	2,318,507
Non-monetary items	186,750	28.508	5,152,833
Financial liabilities			
Monetary items	34,565	28.508	985,366

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)

26. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and 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 (None).

10) Information on investees (Table 7).

b. 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 8)

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 5).

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (Table 5).

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

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

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1).

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

c. 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 9).

TABLE 1

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.

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 7 and 8 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	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)	

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	-

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: Refer to Table 8 for information on subsidiary investment in mainland China.

Note 3: 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.

TABLE 9

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 financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.