TWSE：5007

San Shing Fastech Corp
Annual Report is available at ：
http://mops.twse.com.tw/mops/web/t57sb01_q5
http://www.sanshing.com.tw/investor4.html

2021

Annual Report

SAN SHING FASTECH CORP.

Printed on May 13th, 2022

1. Company Spokesperson

    Name: Hsu, Chun-Hsiao

    Title: Manager of President's Office

    Phone: +886-6-230-6611 #252

    E-mail: sws@mail.sanshing.com.tw

2. Deputy Spokesperson

    Name: Chen, Jyun-Rong

    Title: Finance Manager

    Phone: +886-6-230-6611 #211

    E-mail: cjc@mail.sanshing.com.tw

3. Headquarters, Branches and Plant

    Name: San Shing Fastech Corp.

    Address:1F.,No.355-6,Sec.3,Zhongshan Rd.,Guiren Dist.,Tainan City 711,Taiwan (R.O.C.)

    Phone: +886-6-230-6611

4. Stock Transfer Agency

    Name: MasterLink Securities Corporation

    Address:B1F.,No.35,Ln.11, Guangfu N. Rd., Taipei City 105,Taiwan (R.O.C.)

    Phone: +886-2-276-86668

    Website: http://www.masterlink.com.tw

5. Accounting Firm for the Certified Financial Report for the Past 5 Years:

    Accounting Firm: Ernst & Young

    Accountant: Chen, Cheng-Chu ; Hung, Guo-Sen

    Address: 17F,No.2 Zhongzheng , 3rd Road, Kaohsiung City ,Taiwan,R.O.C.

    Phone: +886-7-238-0011

    Website: http://www.ey.com
6. Overseas Security Exchange: Not applicable
7. Company's website: http://www.sanshing.com.tw

Contents

Chapter I. Letter to Shareholders

Dear Shareholders:

I.2021 Financial Performance

(I) Financial and Budget Performance

1. In 2021, the consolidated operating revenue for the Company and its subsidiaries amounted to NT$7,107,173 thousand, up 40.11% in comparison with 2020, an increase of NT$2,034,530 thousand from NT$5,072,643 thousand last year. The consolidated gross profit was NT$1,746,843 thousand, up 71.18% in comparison with 2020, an increase of NT$726,401 thousand from NT$1,020,442 thousand last year. The Company recorded NT$1,229,756 thousand in consolidated operating income, which was up NT$572,393 thousand or 87.07% compared to NT$657,363 thousand in 2020. The consolidated income before income tax amounted to NT$1,262,269 thousand which was up NT$502,452 thousand or 66.13% compared to NT$759,817 thousand in 2020.

2. The Company did not disclose its consolidated financial forecasts for 2021; hence, the budget performance is omitted.

(II) Consolidated Financial Statement, Income and Expenditure and Profitability in 2021

1. Operating Revenue and Expenditure:
   (1) Revenues: Annual consolidated net revenue in 2021 was NT$7,107,173 thousand. Annual net non-operating revenue in 2021 was NT$32,513 thousand.
   (2) Expenditures: Annual consolidated cost of revenue in 2021 was NT$5,360,330 thousand. Annual consolidated operating expenses in 2021 were NT$517,087 thousand.
   (3) Profits: Annual consolidated income before income tax, income tax expenses and net income in 2021 were NT$1,262,269 thousand, NT$257,077 and NT$1,005,192 thousand respectively.

2. Profitability Analysis
   (1)Return on Total Assets: 12.48%
   (2)Return on Stockholders Equity: 15.05%
   (3)Net Margin: 14.14%
   (4)Earnings Per Share (NT$): 3.33

(III)The Current Status of Research and Development

The research and development expense for the company and its subsidiary was NT$44,257 thousand, an increase of 62.61% or NT$27,216 thousand compared to that of 2020. It was mainly spent on the development of new equipment and products, the improvement and research of a variety of existing equipment and machinery and the research delegated to the Industrial Technology Research Institute. The research and development projects for 2021 had two main focuses - external and internal. As for the external focus, the Company was meeting the customers' demand by customizing and bringing the existing machinery into mass production, reducing production cost, enhancing competitiveness. And for the internal focus, the Company was expanding and improving the manufacturing process of the fasteners, elevating the quality of it and expanding the service coverage of the existing products. Some initial achievement has been the development of new transfer system for parts formers and enhancement of precision on hot forming machines.Other than the development of new equipment and manufacturing process, the focus of the research and development in 2022 will be on the automated production and AI equipment as well.

II. 2022 Business Plan Summary (business plan, sales volume forecast, important production and sales policies)

(I)Focus on Fastener Production Techniques and Introduce Automation System

The Company and its subsidiaries will focus on the research of new production techniques for fasteners and introduce automation systems in compliance with Industry 4.0 in order to upgrade the manufacturing technique for both tooling and fasteners and expand the product range. The Company strives to provide more competitive products and service coverage of its products to its customers. By doing so, both the Company and its customers will benefit from the high-value added products and increase the market share together. In 2022, we will continue developing the production technique for parts forming and metal forming and gradually integrate automation systems with our production line to boost the efficiency and product quality. The estimated combined sales volume of fastener products in 2022 is 71,600 tons, an increase of 3.24% or 69,354 tons compared to that of 2021.

(II)Upgrade Tooling Manufacturing Technique and Production Capability with the Introduction of Smart Production

The Company will also continue pushing the integration and planning of automated production lines to gain the orders of high-end tooling products from the European clients. At the same time, in order to win more orders, the Company will enhance the university-industry collaboration and transition the ERP production management system into smart manufacturing and integrate Internet of Things in the production line; improve flexibility in tooling manufacturing with shorter lead time and tap into other industries than the automotive itself. Dealing with the ever changing international politics and economy and the on-going global pandemic, 2022 is definitely going to be a challenging year. We aim for a stable operation and steady sales for the tooling division in 2022 and to boost the business growth in the second half of the year.

(III)Continuously Enhancing the Techniques on Secondary Manufacturing Process to Improve Competitiveness

As the demand for the precision of high-end fastener products and complex parts grows, more and more products require the secondary manufacturing process in addition to the conventional forming process. In the past, these manufacturing processes were outsourced and resulted in high production cost, unstable product quality and uncontrollable delivery time. In recent years, we have set up CNC machining units and drilling and grinding equipment for special parts. However, to successfully produce the specialty high-end products, it relies on the optimization of tooling, jigs and manufacturing parameters. The upgradation of all production elements shall then contribute to the improvement of production capability. Hence, the Company will be able to increase its competitiveness and secure more orders with the value-added products.

III. The Company’s Strategic Planning is Subject to Market Competition, Change in Regulations and Overall Business Environment

The product quality of fasteners from Mainland China and Southeast Asia is continuously improving. Meanwhile, the production cost for the fastener industry of Taiwan is gradually increasing every year due to the ever-rising environmental awareness and minimum wage. All these disadvantageous factors are slowly eroding the competitiveness of Taiwan's fastener industry. On top of that, the European Union announced a proposal to implement a Carbon Border Adjustment Mechanism (CBAM) on energy-intensive imports, such as steel, from third countries, and all the imports must be accompanied with a carbon price. It will be a transitional phase starting in 2023 and finishing at the end of 2026. Furthermore, the price advantage that has been enjoyed by the local fastener industry is disappearing due to the soaring shipping costs driven by the Covid-19 pandemic. These are the disadvantages the industry is facing in the current global market environment, just to name a few.

However, the global market environment is not all gloom and doom for the manufacturers of Taiwan. The price of raw materials and inflation incurred by the quantitative easing policy throughout the globe was surging at a rate never seen before. This might actually inflate the manufacturing costs for European and American competitors and counterbalance the disappearing price advantage as mentioned above. In addition, the EU has been imposing anti-dumping duty on the fasteners made in China, and the growing demand for EV fasteners was stronger than expected, which is some positive news for the fastening industry of Taiwan.

Hence, the development strategy of the Company will focus on:

(I) Develop High-End Products with Irreplaceability

The global market for fasteners is divided into three main categories, 70% for bolts, 20% for nuts and 10 % for washers. The Company is a well-known nut product manufacturer; so is our subsidiary - Hexico Enterprise Co Ltd, the leading manufacturer in the washer market and owns multiple patents. Despite the fact that the bolts were initially thought to have a much bigger room for growth and development, the assumption has since taken a conservative approach due to few overwhelmingly adverse factors of the global market.

Thus, the development strategy for the fastener products of the Company in 2022 is not only to maintain the existing market share of nuts, bolts and washers but also to focus on the development of high-end products and their irreplaceable roles in the supply chain of the customers to ensure the competitiveness and profitability of the Group.

(II) Explore New Market for Tooling, Risk Diversification

A large portion of the current tooling customers come from the European automotive industry. To avoid heavily relying on one particular market, the Company must actively tap into the aerospace and other industries for diversification and high value-added products. The Company has come a long way in terms of its innovative processing technique of its tooling, thus its stable and quality products are able to satisfy the needs of its potential customers. In addition, some scaled fastener manufacturers from the emerging market are seeking specialty products, which presents a new opportunity for us. The Company shall focus on the niche market of the emerging market instead of the price war. Hence, the company shall address various needs from the emerging markets to diversify the high risk that lies within the highly concentrated European market, which accounts for 60% of the tooling sales.

(III)Strict Cost Control, Reduce Debt Ratio

In order to reduce the debt ratio, the company and its subsidiaries will closely manage their account receivables and amount of inventories. Investment outside of the Company’s core business is avoided. The capital expenditure budget on the property, plant and equipment and the inflow and outflow of the capitals is also closely monitored. The combined measures boost is expected to increase the efficiency of the working capitals. With the help of steady profitability in recent years, the Company is able to keep the debt ratio under 20%.

Under the supervision of the Board and the relentless collaboration of all the employees, the Company was able to stay profitable in terms of operating revenue, gross profit and income before income tax in 2021. The Company is looking forward to expanding into new markets, developing new products and business, seeking stable income continuously and maximizing the profits for the shareholders in 2022.

Chairman: Ko, Chi-Yuan

President: Chen, Hsin-Chih

Chapter II. Company Profile

I. Date of Incorporation: July 2nd, 1965.

II. Company History

1. 1965 San Shing Hardware Inc. (the Company) was founded by Mr. Lee, Yuan-He with head office located at No. 85 Ren-He Rd., Tainan in July. The registered capital was NT$ 200,000. Hinge was its primary product.
2. 1968 Mr. Lee was the first person to successfully develop and deliver the first generation of nut former in Taiwan. In the same year, the Company expanded its plants for the production of nuts.
3. 1973 The second generation of nut former was successfully delivered and thus the productivity increased by 60%.
4. 1974 Mr. Lee was awarded the Excellent Young Engineer Award and nominated for Ten Outstanding Young Persons in Taiwan. The forming technique was exported to the Japanese market. In the same year the Company relocated to the current location for business needs. The current address is 1F.,No.355-6, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711, Taiwan.
5. 1975 The Company was certified as a first class factory for quality control by the Bureau of Standards, Metrology and Inspection.
6. 1976 The third generation nut former was successfully developed. Mr. Lee was elected the Outstanding Technology Talent of the Year and awarded the Outstanding Science and Technology Contribution.
7. 1976 The Company obtained the CNS Mark certification from the Bureau of Standards, Metrology and Inspection, M.O.E.A on July 5th.
8. 1978 The Company started to export its nut formers and all sorts of nut products in large quantities.
9. 1979 The fourth generation nuts former was successfully developed and delivered.
10. 1987 The Company successfully developed and produced high-profit and high-value added specialty nuts and cold forging parts for automotive industries.
11. 1989 The YH vertical nut forming machine and YH steel mold were developed successfully.
12. 1990 The Company raised its capital to NT$600 million and officially became a public offering company.
13. 1991 The Company completed the automation system for nut forming procedure which increased the accuracy and speed of the information feedback, improved the flexibility of the decision-making process and enhanced the product quality.
14. 1992 The Company was certified by British SGS YARSLEY QUALITY ASSURED FIRMS LIMITED for ISO 9002 certification for Quality Assurance Systems on December 16th.

15. 1993 To conform to the then soon-to-be implemented Fastener Quality Act (FQA 101-592) by the U.S government, the Company built its own lab with the assistance of the Industrial Technology Research Institute and then was accredited by the CNLA of the Bureau of Standards, Metrology and Inspection of R.O.C in January 1993.
16. 1995 San Shing Heat-Treating Co., Ltd. was established on January 19th, to specialize in the heat treatment business . The Company, San Shing Fastech Co. currently owns 100% of its shares.
17. 1996 The Company was certified for ISO-9002 Quality Assurance System by Taiwan Testing and Certification center and ranked as a first class factory in February, 1996.
18. 1996 The Company passed the assessment of ENTELA of the U.S and acquired QS 9000 and ISO 9002 certification for quality assurance systems, which paved the way for the sales of its products to automotive manufacturers worldwide.
19. 1997 The Company was certified for its testing lab quality systems as required by FQA pertaining to NVLAP (Lab Code:200158-0) requirement which was authorized by the U.S NIST.
20. 1997 The Company obtained the SGS International Certification Services AG ISO-14001 from the Swiss Association for Environmental Management Systems.
21. 1997 The Ministry of Finance and the Securities and Futures Commission approved the securities of the Company to be listed as OTC securities on December 10th, and it was then officially traded on the OTC market on January 17th 1998. The paid-in capital when listed was NT$1,188,223,340.
22. 1998 The Company acquired shares of Hexico Enterprise Co. Ltd. on October 31st. Currently the company owns 95% of the stock shares of Hexico Enterprise Co Ltd, which was established on June 3rd 1994. Its main business is the manufacturing and sales of washers.
23. 1999 To respond to the future market and the upgradation and transformation of the products, the Company applied for AS9000 and was certified by ENTELA. It was a preparation for entering the aerospace industry ahead.
24. 2002 The Company obtained the OHSAS 18001 Certification from the Swiss Association for Occupational Health and Safety Management systems.
25. 2002 San Shing Hardware Works Co., LTD. (the Company) officially changed its name to San Shing Fastech Corp. (the Company) on July 5th with the letter of approval, whose reference number was 09101253130, from the Ministry of Economic Affairs.
26. 2004 The Company was certified by TUV Rheinland Taiwan branch for its Quality Management System in accordance with the requirements of ISO/TS 16949 on September 14th. The qualification proves that the Company's nut product was up to the specialty requirement of the automotive industry.
27. 2006 The Company participated in Industrial Technology Development. Program under M.O.E.A research and development project. On March 28th,

the Company obtained the certification of AS 9100B issued by Bellcert which was an essential requirement for the production of fasteners for the aerospace industry.

28. 2006 On June 6th, the Company's bolt division obtained the ISO 9001:2000 Certification from the British Standards Institution Taiwan Branch for Quality Management Systems.
29. 2007 Both the bolt and the fastener division were audited together by TUV Rheinland Taiwan branch and obtained ISO/TS 16949 certification for Quality and Management System. Thus the bolt division was able to keep up with the specialty product demand of the automotive industry.
30. 2011 Two independent directors were elected at the shareholder's meeting on June 15th and the Rules Governing the Scope of Powers of Independent Directors were also passed on the same day. There are currently three independent directors on the board.
31. 2011 The Board of Directors passed the Rule of Procedure for the Remuneration Committee and established the Remuneration Committee.
32. 2011 The Company was approved by the Financial Supervisory Commission of the Executive Yuan to issue stocks and listed for trade on Taiwan Stock Exchange on September 16th. The listed paid capital was NT$ 2,199,568,590.
33. 2003 The Company acquired 57.90% of the shares of the professional bolt manufacturer in Malaysia - ACKU Metal Industries (M) SDN. BHD and acquired the management rights of the company on February 28th. With the acquisition, the Company was able to expand the product lines of bolts and provide a more comprehensive service and tap into the ASEAN market at the same time. ACKU Metal Industries was founded on April 4 1989 and its primary business was the sales and manufacturing of bolts. It then reinvested and acquired 51% of the shares of Yeh Chang Heat Treatment (M) SDN. BHD on July 14th 1990.
34. 2013 The Company's fastener division and the tooling and machinery division both passed the assessment of TUV Rheinland Taiwan branch on July 15th and acquired the ISO 9001 certification for Quality Management Systems.
35. 2015 The Company, with the approval of the Financial Supervisory Commission on July 15th, increased its capital with retained earnings to NT$ 268,127,420, and the accumulated paid-in capital is NT$ 2,949,401,540.
36. 2018 The Company obtained the certification of AS 9100D revision issued by Bellcert in May. In September, the Company passed the assessment of TUV Rheinland and acquired ISO 9001:2015 and IATF 16949:2016 certifications for Quality Management Systems.
37. 2018 The Audit Committee was formed on June 14th.
38. 2020 The Company's testing lab updated its certification for ISO/IEC 17025:2017 Quality Systems and was approved by NVLAP (Lab Code:200158-0) (authorized by NIST U.S).

Chapter III. Corporate Governance

I. Organization

Organizational Chart and the Main Duties of Each Department

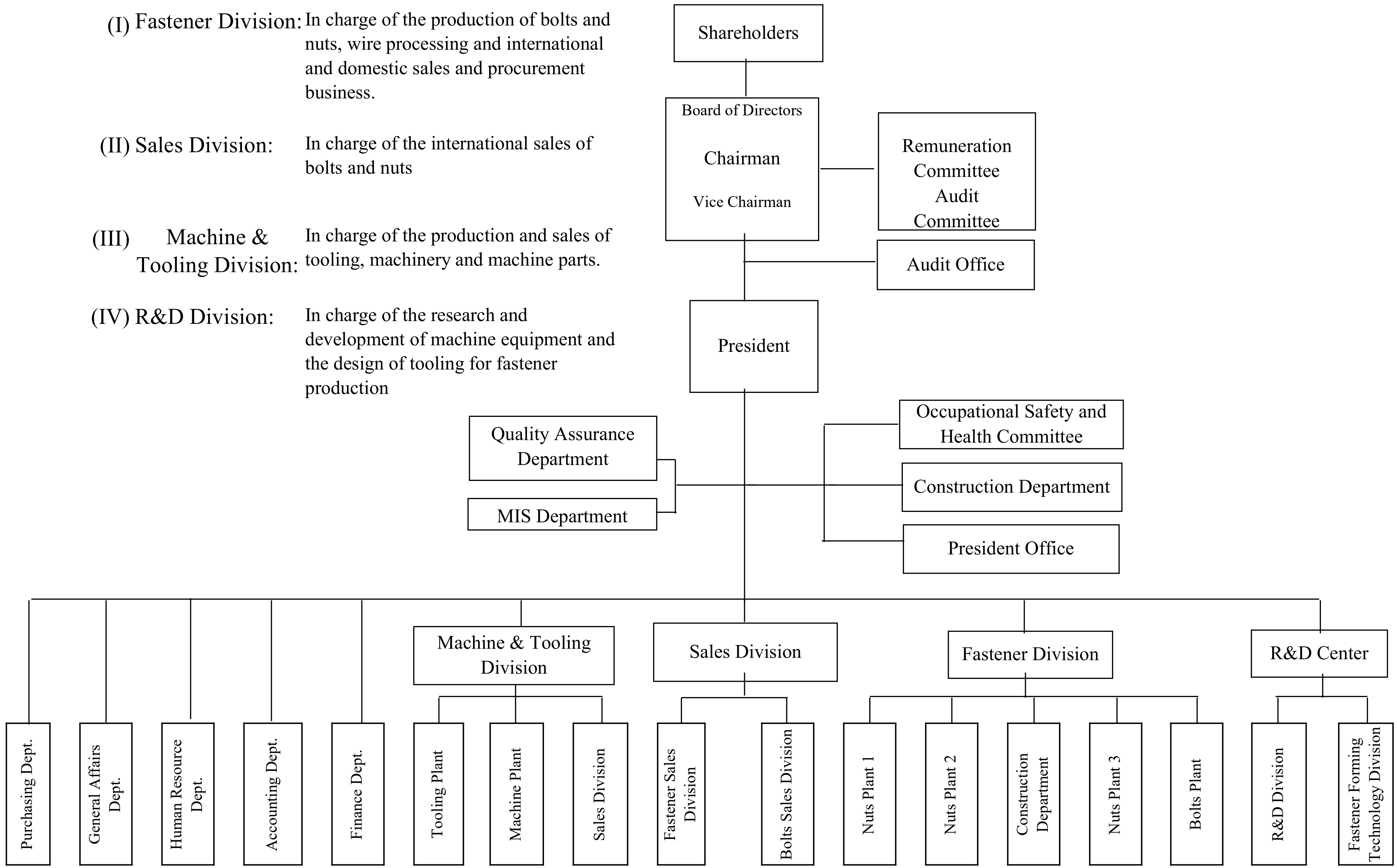
December 31, 2021

(I) Fastener Division: In charge of the production of bolts and nuts, wire processing and international and domestic sales and procurement business.

(II) Sales Division: In charge of the international sales of bolts and nuts

(III) Machine & Tooling Division: In charge of the production and sales of tooling, machinery and machine parts.

(IV) R&D Division: In charge of the research and development of machine equipment and the design of tooling for fastener production



II. Information on the Company's Directors, Supervisors, President, Vice President, Senior Manager, and the Supervisors of All the Company's Divisions and Branch Units

(I)Directors and Supervisors:

1. Information of Directors and Supervisors

March 31, 2022

Title	Nationality or Country of Registration	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan, R.O.C	Taifas Corporation	Male/61~70	2021/8/25	3	2003/5/27	19,483,733	6.60%	19,483,733	6.60%	0	0.00%	0	0.00%	Bachelor of Economics, National Chung Hsing University President of Kuang-Hwa Investment Holding Co. Ltd. Vice President of Central Investment Co. Ltd.	Chairman of San Shing Fastech Corp. Chairman of San Shing Heat-Treating Co., Ltd. Chairman of Hexico Enterprise Co., Ltd. Chairman of Fubridge Asset Management Co., Ltd. Chairman of Luckystar Growth Corp. Chairman of Compucase Enterprise CO., Ltd. and the legal representative of the Company's branches in Taiwan, USA, UK, German, Korea, Japan and Hon kong	None	None	None	[Note 2]
		Representative: Ko, Chi-Yuan		2021/8/25	3	1998/9/24	0	0.00%	0	0.00%										
Vice Chairman	Taiwan, R.O.C	Taifas Corporation	Male/41~50	2021/8/25	3	2003/5/27	19,483,733	6.60%	19,483,733	6.60%	0	0.00%	0	0.00%	Master of Academy of Art University Bachelor degree, Tunghai University Vice President of San Shing Fastech Corp. Sales Director of Taifas Corp.	Vice chairman of San Shing Fastech Corp. Chairman of Hon Ching Investment Corp. Chairman of Hon Ping Investment Corp. Chairman of Hong Sheng Investment Corp. Supervisor of San Shing Heat-Treating Co., Ltd. Supervisor of Hexico Enterprise Co., Ltd.	legal representative of the Director	Yang, Long	Father in-law	
		Representative: Chen, I Chung		2021/8/25	3	2006/5/24	0	0.00%	0	0.00%										
Director	Taiwan, R.O.C	Taifas Corporation	Male / 71~80	2021/8/25	3	2003/5/27	19,483,733	6.60%	19,483,733	6.60%	26,818	0.00%	0	0.00%	Master of Industrial Management, National Cheng Kung University Chairman of Taifas Corp.	Director of San Shing Heat-Treating Co., Ltd. Director of Hexico Enterprise Co., Ltd. Director of Acku Metal Industries(M) Sdn. Bhd	Vice Chairman, legal representative of the Director	Chen, I-Chung	Son in-law	
		Yang, Long		2021/8/25	3	2000/12/27	691,000	0.23%	1,000	0.00%										
Director	Taiwan, R.O.C	Wu, Shun-Sheng	Male/71~80	2021/8/25	3	2000/5/9	3,226,000	1.09%	3,226,000	1.09%	671,000	0.22%	0	0.00%	Bachelor of Accounting, Feng Chia University Vice Chairman and President of San Shing Fastech Corp. National Manager Excellence Award 2003 Outstanding Alumni Award 2004-Feng Chia University. Outstanding Alumni Award 2009- National Tainan Commercial Vocational Senior High School.	Chairman of Yu Shun Investment Ltd.	None	None	None	
Director	Taiwan, R.O.C	Lee, Shih-Chia	Female/41~50	2021/8/25	3	2015/6/16	1,410,804	0.47%	1,410,804	0.47%	9,500	0.00%	0	0.00%	Master of Accountancy, University of Illinois at Urbana-Champaign CFO of Ant Bridge Asset Management Co., Ltd. Manager of Pricewaterhouse Coopers Taiwan	Chairman of Pearl Investment Co., Ltd. Chairman of AB Value Asia Growth Management Corp Supervisor of Compucase Enterprise Co., Ltd. Supervisor of Ant Bridge Investment Ltd. Chairman of Ant Bridge Asset Management Co., Ltd.	None	None	None	
Director	Taiwan, R.O.C	Tsai, Cheng-Dar	Male/71~80	2021/8/25	3	2018/6/14	4,144,499	1.40%	4,144,499	1.40%	1,864,293	0.63%	0	0.00%	Bachelor of Engineering, National Chung Hsing University Project Management Professional, Tunghai University Manager of Kuang Cheng Products Co., Ltd. Plant Manager Assistant of Taiwan Tsubakimoto Corp.	Chairman of Da Yi Investment Co., Ltd. Chairman of Kuang Cheng Products Co., Ltd. Director of P-Duke Technology Co., Ltd. Independent Director of Goodway Machine Corp.	None	None	None	
Independent Director	Taiwan, R.O.C	Jian, Guo-Long	Male / 71~80	2021/8/25	3	2021/8/25	49,759	0.01%	49,759	0.01%	0	0.00%	0	0.00%	Master of Industrial Management, National Cheng Kung University Former Vice President of the Company	Chairman of Grand Fasteners Corporation	None	None	None	
Independent Director	Taiwan, R.O.C	Vincent Lue	Male / 61~70	2021/8/25	3	2021/8/25	232,568	0.07%	232,568	0.07%	263,625	0.08%	0	0.00%	Completed course in Business Managers Program & Completed seminars in Business Law, NSYSU Chairman & President of Viven Inc. President of Jinn Her Enterprise Co., Ltd President of Mclean Tech/Taiform Inc. Vice President of San Shing Fastech Corp	Senior consultant of Vivian Inc.	None	None	None	
Independent Director	Taiwan, R.O.C	Hsiao, Chine-Jine	Male / 71~80	2021/8/25	3	2018/6/14	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Management, National Cheng Kung University General Manager of Purchasing Department, China Steel Corp. Assistant Vice President of Commercial Division, China Steel Corp.	None	None	None	None	

Note1: The shareholding percentage is calculated based on the data recorded on the elected date which was 294,940,154 shares. As of March 31, 2022, the shareholding percentage was calculated based on the current paid-up capital in 294,940,154 shares.

Note2: The Chairman and the President of the Company or a person of an equivalent position (the highest level manager) are neither the same person nor in a sousal spouse relationsh

2.Professional qualifications and independence analysis of directors and supervisors

Mar.31, 2022

Qualification Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Ko, Chi-Yuan	Experienced in banking, investment transactions, steel industry, electronics components manufacturing management and crisis management. Chairman of San Shing Fastech Corp and Compucase Enterprise Co., Ltd. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	0
Chen, I-Chung	Experienced in fastener manufacturing, industrial processes, investment transactions and industrial management and sales in the steel industry. Vice Chairman & Vice President of San Shing Fastech Corp. Chairman of Hon Ching Investment Corp. Chairman of Hon Ping Investment Corp. Chairman of Hong Sheng Investment Corp. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	0
Yang, Long	Experienced in fastener manufacturing, industrial processes, investment transactions and industrial management and sales in the steel industry with a technical background. Chairman of Taifas Corp. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	0
Wu, Shun-Sheng	Experienced in fastener manufacturing, industrial processes, investment transactions , industrial management in the steel industry, accounting, financial accounting and crisis management. Vice Chairman & President of San Shing Fastech Corp. Financial Manager of San Shing Fastech Corp. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	0
Lee, Shih-Chia	Experienced in managing investment transactions, financial accounting with analytical skills. Qualified as a Certified Public Accountant Manager of Pricewaterhouse Corp. Taiwan Supervisor of Ant Bridge Investment Ltd. Chairman of Pearl Investment Ltd. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	0
Tsai, Cheng-Dar	Experienced in machinery manufacturing, managing investment transactions; technical background. Plant Manager Assistant and Section Head of Taiwan Tsubakimoto Corp. Chairman & Manager of Kuang Cheng Products Co., Ltd. Chairman of Dai Yi Investment Co., Ltd. The director has not been in any circumstances listed in Article 30 of the Company Act.	Not applicable	1

Chien, Kuo Jong	Experienced in fastener manufacturing, industrial processes, industrial management and sales in the steel industry; engaged in financial accounting related work Vice President of San Shing Fastech Corp. Chairman of Grand Fasteners Corp. Studied in Finance and Accounting professions The director has not been in any circumstances listed in Article 30 of the Company Act.	An independent director, meeting the critiria of independence, including but not limited to the person himself, spouse, second-degree of kinship not serving as an employee, a director or supervisor of the Company or any of its affiliates. The director is currently holding 49,759 or 0.01% shares of the Company; not serving as a director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company. The director did not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for receiving any compensation in the past 2 years.	0
Hsiao, Chine Jine	Experienced in industrial management and procurement in the steel industry. Director of Procurement Department, Assistant Manager of the Sales Department of China Steel Corporation. Studied in Finance and Accounting professions. The director has not been in any circumstances listed in Article 30 of the Company Act.	An independent director, meeting the critiria of independence, including but not limited to the person himself, spouse, second-degree of kinship not serving an employee, a director or supervisor of the Company or any of its affiliates; or not serving as a director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company. The director did not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for receiving any compensation in the past 2 years.	0
Vincent Lue	Experienced in fastener manufacturing, industrial processes, industrial management in the steel industry; with sales and technical background. Vice President of San Shing Fastech Corp. President of Mclean Tech/Taiform Inc. President of Jinn Her Enterprise Co., Ltd Chairman & President of Viven Inc. The director has more than 5 years working experience in the accounting and finance fields. The director has not been in any circumstances listed in Article 30 of the Company Act.	An independent director, meeting the critiria of independence, including but not limited to the person himself, spouse, second-degree of kinship not serving as an employee, a director or supervisor of the Company or any of its affiliates. The director is holding 496,193 (0.15%) shares of the Company and not serving as a director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company. The director did not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for receiving any compensation in the past 2 years.	0

3.Board Diversity:

(1) Board Diversity Policy:

A.The number of seats on the Board of the Company is set to be 7 to 11 based on the business scale, the shareholdings of its major shareholders, and practical operational needs.

B.In accordance with Article 20 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the members of the Board shall take diversity into consideration and foster a diversity policy catered to the business operations, operating dynamics, and development needs, which includes but not limited to the two standards as follows:

(A)Basic requirement and value: Gender, age, nationality and culture etc.

(B)Professional knowledge and skill: Professional background (such as, law, accounting, industry, finance, marketing or technology), professional qualification and industry experience.

C. The Board members shall generally possess the necessary knowledge, skill and qualifications to perform its duty. In order to achieve the ideal goal of corporate governance, the Board as a whole shall possess the following capabilities:

(A)Operational insight capabilities, (B)Accounting and financial analysis capabilities, (C)Management capabilities, (D)Crisis management capabilities, (E)Industry knowledge, (F)International market perspective, (G)Leadership (H)Decision-making ability.

(2)Specific Management Objectives

A.To Support gender equality, at least one of the Board members is female

B.To keep the independent operation of the Board, no more than two members who are spouses or within second-degree relative of consanguinity to each other are allowed.

C.The number of seats reserved for independent members of the Board is in compliance with the regulations.

D.The Board evaluates whether its independence is jeopardized if any of the independent directors has served for 3 consecutive sessions.

(3)Status of Implementation of Board Diversity Policy

The Board of the 21st session was reelected in August 2021, It comprised a total of 9 seats, including 3 seats for independent directors. All the members are citizens of the Republic of China and possess solid experience and professionalism in the field of industry, commerce and management. All the specific management objectives are achieved and the implementation is as follows:

Items Names	Basic Requirement and Value			Background			Professional Qualification							
	Gender	Age	Tenure of Independent Directors	Financial Management	Sales and Marketing	Industry knowledge	Operational Insight	Financial Analysis	Management Ability	Crisis Management	Industry Knowledge	International Market Perspective	Leadership	Decision Making
Ko, Chi Yuan	Male	61-70		V			V	V	V	V	V		V	V
Chen, I-Chung	Male	41-50			V		V		V		V	V	V	V
Yang, Long	Male	70↑			V	V	V		V	V	V	V	V	V
Wu, Shun-Sheng	Male	70↑		V			V	V	V	V			V	V
Lee, Shih-Chia	Female	41-50		V			V	V	V				V	V
Tsai, Cheng-Dar	Male	70↑				V	V		V	V			V	V

Chien, Kuo Jong	Male	70↑	1 term	V	V		V		V	V	V	V	V	V
Hsiao, Chine-Jine	Male	70↑	2 terms	V			V				V			V
Vincent Lue	Male	61-70	1 term	V	V	V	V		V	V	V	V	V	V

4.Status of Independence of the Board

The Board of the Company currently has a total of 9 seats, including 3 seats for independent directors, the ratio of independent directors reaches ⅓ of the seats of the Board, and it meets the criteria of the aforementioned item 2 - the Independence of the Independent Directors and item 3(2) Management Objectives. For the status of managers who are spouses or within second-degree relative of consanguinity to each other, please refer to page 9. The status of the independence of the Board is as follows:

Name Item	Meet the Status of Independence									
	1	2	3	4	5	6	7	8	9	10
Ko, Chi-Yuan	V		V	V	V	V		V	V	
Chen, I-Chung			V			V			V	
Yang, Long			V		V	V	V		V	
Wu, Shun-Sheng	V			V		V	V	V	V	V
Lee, Shih-Chia	V		V			V		V	V	V
Tsai, Cheng-Dar	V			V	V	V	V	V	V	V
Chien, Kuo Jong	V	V	V	V	V	V	V	V	V	V
Hsiao, Chine-Jine	V	V	V	V	V	V	V	V	V	V
Vincent Lue	V	V	V	V	V	V	V	V	V	V

Note 1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.
(1) Not an employee of the Company and its affiliated companies.
(2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

5. Directors and Supervisors Acting as the Representatives of Institutional Shareholders, the Names of the Institutional Shareholders and 10 Largest Shareholders and the Holding Percentage of Each are Listed as Follows:

Table 1: Main Institutional Shareholders

March 31st, 2022

Name of the Institutional Shareholder	Main Shareholder of the Institutional Shareholder
Taifas Corporation	Zhong Cheng Social Welfare and Charity Foundation (48.2%) Taipei Interactive Social Welfare and Charity Foundation (48.8%) Yang, Long (3.0%)

Table 2: Main Shareholder of the Institutional Shareholder in Table 1

March 31st, 2022

Name of the Institute	Main Shareholder of the Institutional Shareholder
Zhong Cheng Social Welfare and Charity Foundation	Not applicable
Taipei Interactive Social Welfare and Charity Foundation	Not applicable

(II) President, Vice President, Senior Manager and Director of Branches and Departments:

March 31st, 2022

Title	Nationality	Name	Gender	Effective Date	Shares Held		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Academic Credentials	Other Position	Other managers, Directors who is this person's spouse or relative(s) within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C	Chen, Hsin-Chih	Male	Feb 1st, 2022	0	0.00%	0	0.00%	0	0.00%	Master degree in Manufacturing Information and Systems, National Cheng Kung University Currently Serving as the President and Senior Manager of Tooling& Machinery Division in San Shing Former Plant Manager of Tooling& Machinery Division in San Shing	President and Representative of juristic person as diector of San Shing Heat-Treating Co., Ltd. and Hexico Enterprise Co., LTD Director of San Shing Social Welfare Charity Foundation	None	None	None	Note 1
Vice President	R.O.C	Su, Teng-Kuei	Male	Feb 1st, 2022	0	0.00%	0	0.00%	0	0.00%	Master degree in Nava Architechture Engineering, National Cheng Kung University Curently serving as the Vice President and Senior Manager of Fastener Division in San Shing Former Vice Plant Manager of Nut Forming Plant 1, Manger of Quality Assurance Department, Plant Manager of Nut Forming Plant 2.	Director of San Shing Social Welfare Charity Foundation	None	None	None	
Senior Manager	R.O.C	Lai, Sin-Cheng	Male	Jan 1st, 2022	1,083	0.00%	0	0.00%	0	0.00%	Bechlor degree in International Business, National Chung Yuang Christian University Currently serving as Senior Manager of the Fastener Sale Division in San Shing Manager of the Nut Sales Division of the Company	None	None	None	None	
Spokesperson	R.O.C	Hsu, Chun-Hsiao	Male	July 4th, 2001	2,000	0.00%	87,000	0.02%	0	0.00%	Master degree in Accounting and Information Technology, National Chung Cheng University. Bachelor degree in Business Adminstration, Chung Yuan Christian University. Currently serving as Manager at President's Office in San Shing Manager and Supervisor of the Accounting Department in San Shing	None	None	None	None	
Accounting Manager	R.O.C	Lu, Wen Ping	Male	Aug 5th, 2021	0	0.00%	0	0.00%	0	0.00%	Master degree in Industrial Management, National Cheng Kung University Currently serving as Assistant Manager of the Accounting Department in San Shing Section Manager of the Accounting Department in San Shing	None	None	None	None	
Financial Manager	R.O.C	Chen, Jyun-Rong	Male	July1th, 2000	45	0.00%	0	0.00%	0	0.00%	Bachelor degree in Business Administration, Chung Yuan Christian University Currently Serving as Manager of Finance Dpartment in San Shing Former Chief of Accounting Department in San Shing	None	None	None	None	

Note 1 The President and Chairman of the Compnay are neither the same individual nor first-degree relatives.

(III) Where the chairperson of the Board of Directors and the President or a person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Not applicable.

III.Remuneration Paid to Directors, Supervisors, President and Vice Presidents

(I) Remuneration Paid to Directors and Supervisors

1.Remuneration of Directors and Independent Directors (The aggregate remuneration information is disclosed with the names indicated for each remuneration range.)

Unit: NT$ thousands / Share

Title	Name	Remuneration Paid to Directros: Base Compensation (A): The Company	Base Compensation (A): All companies in the consolidated financial statements	Severance Pay (B)[Note1]: The Company	Severance Pay (B)[Note1]: All companies in the consolidated financial statements	Directors Compensation (C) [Note2]: The Company	Directors Compensation (C) [Note2]: All companies in the consolidated financial statements	Allowances (D): The Company	Allowances (D): All companies in the consolidated financial statements	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): The Company	Ratio of Total Remuneration (A+B+C+D) to Net Income (%): All companies in the consolidated financial statements	Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E): The Company	Salary, Bonuses, and Allowances (E): All companies in the consolidated financial statements	Severance Pay (F): The Company	Severance Pay (F): All companies in the consolidated financial statements	Employee Compensation(G)[Note2]: The Company: Cash	Employee Compensation(G)[Note2]: The Company: Stock	Employee Compensation(G)[Note2]: All companies in the consolidated financial statements: Cash	Employee Compensation(G)[Note2]: All companies in the consolidated financial statements: Stock	Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%): The Company	Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%): All companies in the consolidated financial statements	Remuneration from ventures other than subsidiaries or from the parent company
Chairman	Taifas Corporation Representative: Ko, Chih-Yuan																					
Vice Chairman	Taifas Corporation Representative: Chen, I-Chung																					
Director	Taifas Corporation Representative: Yang, Long	2,160	2,376	0	0	0	0	390	420	0.26%	0.28%	7,889	7,889	0	0	0	0	0	0	1.06%	1.09%	None
Director	Wu, Shun-Sheng																					
Director	Lee, Shih-Chia																					
Director	Tsai, Cheng-Dar																					
Independent Director	Tan, Po-Chun [Note 4 Unelected]																					
Independent Director	Liu, Han Jung [Note 4 Unelected]																					
Independent Director	Jian, Guo-Long [Note 4 Elected]	1,080	1,080	0	0	0	0	310	310	0.14%	0.14%	0	0	0	0	0	0	0	0	0.14%	0.14%	None
Independent Director	Vincent Lue [Note 4 Elected]																					
Independent Director	Hsiao, Chine-Jine																					

[Note 1] The actual severance and pension paid to the President in 2021 was NT$ 0 thousand; hence, the fund allocated to the severance and pension program is NT$ 0 thousand.

[Note 2]The remuneration for the Directors and employees is resolved by the most recent Board's meeting. The remuneration for each Director or employee who has concurrent employment is NT$0.

[Note 3] The cost of the vehicle for Vice Chairman, Chen, I-Chung was NT$ 1,056 thousand and its deprecation of NT$ 0 thousand in 2021 was allocated to the Item E.

[Note 4] Aug 25th, 2021. The newly elected and unelected directors of the Board.

Range of Remuneration paid to Directors of the Company	Name of Director: Total (A+B+C+D): The Company	Total (A+B+C+D): All companies in the consolidated financial statements	Total (A+B+C+D+E+F+G): The Company	Total (A+B+C+D+E+F+G): All companies in the consolidated financial statements
Less than NT$ 1,000,000	Ko, Chi-Yuan, Chen, I-Chung, Yang, Long Wu, Shun-Sheng, Lee, Shih-Chia, Tsai, Cheng-Dar Tan, Po-Chun, Liu, Han Jung, Hsiao, Chine-Jine, Jian Gui-Long, Vincent Lue	Ko, Chi-Yuan, Chen, I-Chung, Yang, Long, Wu, Shun-Sheng, Lee, Shih-Chia, Tsai, Cheng-Dar Tan, Po-Chun, Liu, Han Jung, Hsiao, Chine-Jine, Jian Gui-Long, Vincent Lue	Yang, Long, Wu, Shun-Sheng, Lee, Shih-Chia, Tsai, Cheng-Dar, Tan, Po-Chun, Liu, Han Jung, Hsiao, Chine-Jine, Jian Gui-Long, Vincent Lue	Yang, Long, Wu, Shun-Sheng, Lee, Shih-Chia, Tsai, Cheng-Dar, Tan, Po-Chun, Liu, Han Jung, Hsiao, Chine-Jine, Jian Gui-Long, Vincent Lue
NT$ 1,000,000（Inclusive）～ NT$ 2,000,000（Not inclusive）	None	None	None	None
NT$ 2,000,000（Inclusive）～NT$3,500,000（Not inclusive）	None	None	None	None
NT$ 3,500,000（Inclusive）～NT$ 5,000,000（Not Inclusive）	None	None	Ko, Chi-Yuan, Chen, I-Chung,	Ko, Chi-Yuan, Chen, I-Chung,
NT$ 5,000,000（Inclusive）～ NT$ 10,000,000（Not inclusive）	None	None	None	None
NT$ 10,000,000 (Inclusive）～ NT$ 15,000,000（Not inclusive）	None	None	None	None
NT$15,000,000 (Inclusive) ~ NT$30,000,000 (Not Inclusive)	None	None	None	None
NT$30,000,000 (inclusive) ~ NT$50,000,000 (Not Inclusive)	None	None	None	None
NT$50,000,000 (Inclusive) ~ NT$100,000,000 (Not inclusive)	None	None	None	None
Greater than or equal to NT$ 100,000,000	None	None	None	None
Total	11	11	11	11

2. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent:
   As mentioend on Page 20 in the Annual Report, like any Director, the remuneration for an Independent Director only includes the transporation allowances and a monthly fixed remuneration of NT$ 30,000. There is no other changing remuneration distributed.

3. Remuneration for the Supervisors: All the supervisors are replaced by the Auditors starting on June 14, 2018. There is no supervisor.

(II) None of the following items applies to the Company, hence it is not required to disclose the remunberation of each Director and Supervisor:

1. A company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the last 3 fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net income after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net income after tax is sufficient to offset the accumulated deficits.
2. A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for 3 consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors.
3. A company that has had an average ratio of share pledging by directors or supervisors in excess of 50 percent in any 3 months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of 50 percent for each such month.
4. If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the remuneration paid to that individual director or supervisor.
5. A company listed on the Taiwan Stock Exchange (TWSE) or theTaipei Exchange (TPEx) is ranked in the lowest tier in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEx, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.
6. The average annual salary of the full-time non-supervisory employees in a TWSE or TPEx listed company is less than NT$500,000.

(III) If the circumstance in sub-item "1" or in sub-item "5" of the preceding item applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel: None.

(IV) Remuneration Paid to the President and Vice President

1.Remuneration of the President and Vice President

Unit: NT$ thousands / Share

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Severance Pay (B) [Note 1]</th><th colspan="2">Bonuses and Allowances (C) [Note 2]</th><th colspan="4">Employee Compensation (D) [Note 3]</th><th colspan="2">Ratio of total Remuneration (A+B+C+D) to net income (%)</th><th rowspan="3">Remuneration from ventures other than subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Lin, Wen-Chieh</td><td>2,888</td><td>3,213</td><td>0</td><td>0</td><td>7,554</td><td>7,866</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1.06%</td><td>1.13%</td><td>None</td></tr>
</table>

[Note 1] The actual severance and pension pay of the President in 2021 was NT$ 0 thousand; ; hence, the fund allocated to the severance and pension program is NT$ 0

[Note 2] The cost of the vehicle for personal transportion was NT$ 2,009 thousand and its deprecation of NT$ 402 thousand in 2021 was allocated to the Item C.

[Note 3] The remuneration for the President and Vice President is NT$ 0 as resolved by the 2021 Board's meeting.

[Note 4] The Vice President position or equivalent was vacant for 2021.

Range of Remuneration paid to Presidents and Vice President	Name of President and Vice President	
	The Company	All companies in the consolidated financial statements
Less than NT$1,000,000	None	None
NT$1,000,000（Inclusive）～ NT$2,000,000 (Noninclusive）	None	None
NT$2,000,000（Inclusive）～NT$3,500,000（Noninclusive）	None	None
NT$3,500,000（Inclusive）～NT$5,000,000（Noninclusive）	None	None
NT$5,000,000（Inclusive）～ NT$10,000,000（Noninclusive）	None	None
NT$10,000,000（Inclusive）～NT$15,000,000（Noninclusive）	Lin, Wen-Chieh	Lin, Wen-Chieh
NT$15,000,000（Inclusive）～NT$30,000,000（Noninclusive）	None	None
NT$30,000,000（Inclusive）～NT$50,000,000（Noninclusive）	None	None
NT$50,000,000（Inclusive）～NT$100,000,000（Noninclusive）	None	None
Greater than NT$100,000,000	None	None
Total	1	1

2. Employee Remuneration Distributed to Managerial Personnel and Distribution Situation

Units: NT$ Thousands **March 31st, 2022**

	Title	Name	Amount of Shares	Distributed Amount (NT$)	Total Amount	Total Remuneration as a Percentage of Net Income (%)
Managerial Personnel	President	Chen, Hsin-Chih	0	450	450	0.05%
	Vice President	Su, Teng-Kuei				
	Senior Manager	Lai, Sin-Cheng				
	Spokesperson	Hsu,Chun-Hsiao				
	Accounting Manager	Lu, Wen-Ping				
	Financial Manager	Chen, Jyun-Rong				

[Note1] The total amount of remuneration distibuted to the managers was approved by the Borad of Directors in 2021; however, the actual distribution ratio was the same as in 2020. Total remuneration distibuted to the employees approved by the Borad of Directors in 2021 was NT$18,500 thousand.

[Note 2] President Chen, Hsin Chih and Vice President Su, Teng-Kuei assumed duty on Feburary 1st, 2022.

(V.) Comparison of Remuneration for Directors, Supervisors, President and Vice President in the last 2 Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice President：

1. Ratio of Total Remuneration to Net Income:

Unit: NT$ thousand

Year	2021				2020			
Title	Total Remuneration		Ratio of Total Remuneration to Net Income (%)		Total Remuneration		Ratio of Total Remuneration to Net Income (%)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	10,439	10,685	1.06%	1.09%	10,419	10,664	1.73%	1.77%
Independent Director	1,390	1,390	0.14%	0.14%	1,390	1,390	0.23%	0.23%
President and Vice President	10,442	11,078	1.06%	1.13%	10,432	11,045	1.73%	1.84%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance:

(1) Pursuant to Article 22, paragraph 1 of the Articles of Incorporation, the remunerations paid to the Directors (including Independent Directors) and the salaries paid to the Chairman and Vice Chairman are determined by the Board based on the pay level of their counterparts in the same industry. Chairman and Vice Chairman are also entitled to the distribution of remuneration according to the policies and standards for compensations for employees. The Remuneration Committee periodically discusses and reviews the policy, system, standard and structure of the remuneration for the directors and managers and presents their findings to the Board of Directors for further discussion.

(2)The Remuneration for the Directors passed in the 15th Meeting of the 20th session of the Board's Meeting is as follows:

The Director's remuneration includes the following three types:

A. Allowance for travel: For each director attending the board of director's meeting, a fixed fee of NT$10,000 shall be paid to the director as an attendance fee.

B. Director's Remuneration: The board of directors resolved that there is no remuneration for the directors.

C. Compensation for directors: A fixed monthly fee of NT$30,000 is allowed to each director for his/her service. It is based on the pay level of their counterparts in the same industry or in other publicly listed companies

(3)The Remuneration for the Chairman, Vice Chairman and the President Passed in the 15th Meeting of the 20th session of Board's Meeting is as Follows:

A.The Chairman: a.Monthly salary is NT$260,600. b.Annual bonus is NT$260,600. c.Performance bonus is paid in accordance with the relevant regulations of the salary of employees. d.Pension: none.

B.The Vice Chairman: a.Monthly salary is NT$ 250,600. b.Annual bonus is NT$ 250,600. c.Performance bonus is paid in accordance with the relevant regulations of the salary of employees. d.Pension: none.

C.President: a.Monthly Salary is NT$ 240,620. b.Annual bonus is $240,620. c.Performance bonus is paid in accordance with the relevant regulations of the salary of employees. d.Pension: The pension shall be paid in accordance with Article 55-1 of Labor Standards Act, the Criteria for Payment of Worker Pensions.

(4) The remuneration and performance bonus for the Vice President shall be paid in accordance with the relevant regulations of the salary of employees.

3. A fixed monthly payment of NT$30,000 as compensation and travel allowance are allowed to each director. There is no additional remuneration distributed.

4. The determination procedure of remuneration and performance bonus for the President, Vice President and other managerial personnel:

(1) The human resource division periodically reviews and compares the principle of distributing dividend, performance and holiday bonus with the peers or competitors of the same industry to ensure the competitiveness of the remuneration. Thus, the Company is able to attract, motivate and retain talents with a competitive remuneration.

(2) Factors taken into consideration for the reasonable distribution of employee's dividend, performance and holiday bonus are the employee's performance evaluation, the Company's operational performance, the future risks, its development strategy and the industrial trend. All related policies, systems, standards and structures are presented annually to the Remuneration Committee for deliberation and then submitted to the Board of Directors for approval.

(3) The actual distributed amount is reported to the Remuneration Committee annually and then submitted to the Board of Directors for discussion and approval.

IV. Implementation of Corporate Governance

(I)Operations of the Board of Directors

1.A total of 5 [A] meetings of the Board of Directors were held in 2021. The attendance record is as follows:

Title	Name	Attendance in Person [B]	By Proxy	【B/A】 Attendance Rate (%) [A/B]	Remarks
Chairman	Taifas Corp. Representative: Ko, Chi-Yuan	5	0	100%	Aug 25, 2021 Re-elected
Vice Chairman	Taifas Corp. Representative: Chen, I-Chung	5	0	100%	Aug 25, 2021 Re-elected
Director	Taifas Corp. Representative: Yang, Long	3	2	60%	Aug 25, 2021 Re-elected
Director	Wu, Shun-Sheng	5	0	100%	Aug 25, 2021 Re-elected
Director	Lee, Shih-Chia	5	0	100%	Aug 25, 2021 Re-elected
Director	Tsai, Cheng-Dar	5	0	100%	Aug 25, 2021 Re-elected
Independent Director	Tan, Po-Chun	3	0	100%	Aug 25th, 2021 Unelected, Shall attend 3 meetings during his tenure
Independent Director	Liu, Han-Jung	3	0	100%	Aug 25th, 2021 Unelected. Shall attend 3 meetings during his tenure
Independent Director	Hsiao, Chine-Jine	5	0	100%	Aug 25, 2021 Re-elected
Independent Director	Chien, Kuo-Jong	2	0	100%	Aug 25, 2021 Newly Elected. Shall attend 2 meetings during his tenure
Independent Director	Vincent Lue	2	0	100%	Aug 25, 2021 Newly Elected. Shall Attend 2 meetings during his tenure

Annotations：

I.If any of the following circumstances occur during the operation of the Board, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(I)Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee. Hence, the Article 14-3 does not apply.

(II)Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors：The Independent Directors had no dissenting or qualified opinion in the Board of Directors' meeting for 2021.

II.Recusal of Directors due to conflicts of interests in 2021, if any, the directors' names, contents of motion, causes for avoidance and voting should be specified：

1. The 17th meeting of the 20th session of the Board on May 6th, 2021

【Name】Director: Ko,Chi-Yuan and Tsai, Cheng-Dar

【Proposal】To lift the non-compete restrictions for the newly elected directors

【Principle of Interest and participation in voting】The directors who concurrently served in competing businesses recused themselves from voting due to conflicts of interest.

Director Yang, Long also served in competing business, he attended the meeting by proxy.

2.The 1st meeting of the 21st session of the Board on Aug 25th, 2021

【Name】Independent directors:Chien, Kuo Jong and Hsiao, Chine-Jine

【Proposal】 Appointing members for the 5th session of Remuneration Committee of the Company

【Principle of Interest and participation in voting】The directors recused themselves from voting due to conflicts of interest.

III.TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out Implementation Status of Board Evaluations : The Rules for Performance Evaluation of the Board of Directors was formulated in 2019 and implemented in 2021 accordingly. Details are given in the Board of Directors' performance evaluation implementation status. IV.Measures taken to strengthen the functionality of the Board and the evaluation of the implementation: (I) Establishing the audit committee which is responsible for the promotion of corporate governance, perfecting the role of auditing and strengthening the management function. (II) Establishing the Remuneration Committee to strengthen the function of supervisory and enhance information transparency. The remuneration committee shall submit the resolution made in the meeting to the Board for further discussion. (III) On May 30, 2019, the Standard Operating Procedures for the Handling of Requests Made by Directors was formulated to assist the director to accomplish her/his responsibilities and increase the efficiency of the Board. In the first quarterly Board meeting in 2021, the corporate governance managers were appointed and the Rules for Performance Evaluation of the Board of Directors was formulated. (IV) The Company's Board of Directors shall conduct an internal Board performance evaluation every year starting 2020, and by an external independent professional institution at least once every three years. The performance evaluations shall be completed before the end of the first quarter of the following year. The evaluation results of the performance of the board shall serve as a reference for electing or nominating members of the Board of Directors. (V) Corporate Governance Practice Principles was formulated on August 6, 2020 to establish an effective corporate governance framework. (VI) The Company has purchased the directors liability insurance and disclosed the relevant information on the Market Observation Post System (MOPS). Besides, the attendance record of each Board meeting is disclosed on MOPS. Shall there be any significant resolutions, they will be disclosed accordingly as well.

2.Board of Directors' Performance Evaluation Implementation Status:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
The Company conducts the board performance Evaluation at least once a year	Jan 1, 2021to Dec 31, 2021	Evaluation of the performance of the Board, the directors and the members of functional committee	self-assessments by each board member and functional committee members	1.The Board of Directors are assessed on the following five aspects: A.Involvement in the Company's operation B.Enhancement of the quality of the board's decision-making C. Makeup and structure of the board D.Election of board members and continuing knowledge development E. Internal Controls 2.The individual directors are assessed on the following six aspects: A.Understanding of the company's goals and mission B. Awareness of director's duties C.Involvement in the Company's operations D.Internal relationship and communication E.Director's professionalism and continuing knowledge development F. Internal controls 3. The Function Committee is assessed on the following five aspects: A.Involvement in the Company's operation

				B.Awareness of the Function Committee's duties C.Enhancement of the quality of the Function Committee's decision-making D.Makeup of the audit committee and election of its members E.Internal Controls

(II)The Status of Operations of the Audit Committee (or Attendance of Supervisors at Board Meetings) :

1.The State of Operations of the Audit Committee: The Company elected three Independent Directors and formed the 1st session of Audit Committee on June 14, 2018; the main function of the Audit Committee was to supervise the following matters:

(1) Fair presentation of the financial reports of the Company.
(2) The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
(3) The effective implementation of the internal control system of the Company.
(4) Compliance with relevant laws and regulations by the Company.
(5) Management of the existing or potential risks of the Company.

2. A total of 4 [A] meetings of the Audit Committee were held in 2021. The attendance record is as follows:

Title	Name	Attendance in Person[B]	By Proxy	Attendance Rate (%) [B/A]	Remarks
Independent Director Convener	Tan, Po-Chun	3	0	100%	Aug 25th, 2021. Unelected. Shall attended 3 meetings during his tenure
Independent Director	Liu, Han-Jung	3	0	100%	Aug 25th, 2021. Unelected. Shall attend 3 meetings during his tenure
Independent Director	Hsiao, Chine-Jine	4	0	100%	Aug 25th, 2021. Re-elected
Independent Director Convener	Chien,Guo-Jong	1	0	100%	Aug 25th, 2021. Newly elected. Shall attend 1 meetings during his tenure
Independent Director	Vincent Lue	1	0	100%	Aug 25th, 2021. Newly elected. Shall attend 1 meetings during his tenure

Annotations：

I.If any one of the following circumstances occurs during the operation of the Audit Committee, the convening dates of the Audit Committee's meetings, sessions, contents of motion, objection, reservation or suggestion expressed by the independent directors on the matters, the resolution of the Audit Committee and the company's response should be specified:

(I)The matters listed in Article 14.5 of the Securities Exchange Act：

Date and Session	Contents of Motion	Objection, Reservation or Suggestion Expressed by the Independent Directors on the Matters	Resolution of the Audit Committee	The Company's Response to the Opinions of the Audit Committee
Mar.18th , 2021. The 11th meeting of the 1st session of the Audit Committee	1.Internal Control statements of the Company for 2020 2. Business and financial reports of the Company for 2020 3. Distribution of retained earnings of the Company for 2020 4. The proposal of the Company to distribute paid-in capital in the form of cash. 5. Evaluation of the appointment, independence, remuneration and suitability of the CPA 6. Amendments to the Charter of the Audit Committee of the Company 7. Internal audit report	None	Passed unanimously	Submitted it to the Board for discussion
May 6th, 2021 The 12th meeting of the 1st session of the Audit Committee	1. Amendments to Management of the procedures for preparation of financial statements as a part of the internal control system. 2. Internal audit report	None	Passed unanimously	Submitted it to the Board for discussion
Aug. 5th , 2021. The 13th meeting of the 1st session of the Audit Committee	1.Consolidated financial report for Q2 2021 2.Personnel reassignment of the accounting manager 3.Internal audit report	None	Passed unanimously	Submitted it to the Board for discussion
Nov. 4th, 2021. The 1st meeting of the 2nd session of the Audit Committee	1.CPA change from Q4 financial report. 2.Auditing plan for 2022. 3.Internal Audit Report	None	Passed unanimously	Submitted it to the Board for discussion

* All the motions above were approved by more than half of the entire members of the Audit Committee and submitted to the Board of Directors for resolution. Except for the foregoing, others were unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter: No such resolution in 2021.

II. Recusal of Directors due to conflicts of interests, if any, the directors' names, contents of motion, causes for avoidance and voting should be specified： There was no conflict of interests involving the Directors or any of the legal representatives in the proposed motions for 2021.

III. The communication between the independent director and the internal audit manager and the accountant (should include the company's financial, business conditions to communicate matters, methods and results):

The independent directors of the Company are authorized to investigate the company's business, financial status, inspect and follow up the status of internal control and audit, and request the Board of Directors or managers to provide a report. They are also permitted to communicate with the supervisor of the internal auditor or certified public accountant via phone, e-mail, fax or in person whenever necessary.

(I) The communication between the independent director and the internal audit manager:

1. The audit office will submit the audit report on a monthly basis to the independent directors for review. The audit officers will also present at the periodically held meetings of the Audit Committee and Board of Directors and present their findings in the internal report.
2. The accountants are invited to present their financial report and the effects of the amended IFRSs announcement on the Company to the independent directors at the Audit Committee's meeting.
3. The independent directors and the internal audit officers can communicate with each other via E-mail, phone conference or meet in person when necessary.

(II) Summary of the Communication between Independent Directors and Internal Audit Supervisors

Date and Period	Focus of Communication	Results of Implementation
March 18th, 2021. The 11th meeting of the 1st session of the Audit Committee	1. 2020 Statement on Internal Control 2. Internal Audit Report (The independent directors did not express any opinions at this meeting.)	1.Resolved and submitted to the Board for discussion 2.Resolved and submitted to the Board
May 6th, 2021. The 12th meeting of the 1st session of the Audit Committee	1.Internal Audit Report (The independent directors did not express any opinions at this meeting.)	1.Resolved and submitted to the Board
Aug 5th, 2021. The 13th meeting of the 1st session of the Audit Committee	1.Internal Audit Report (The independent directors did not express any opinions at this meeting.)	1. Resolved and submitted to the Board
Nov 4th, 2021. The 1th meeting of the 2nd session of the Audit Committee	1.2022 Audit Plan 2.Internal Audit Report (The independent directors did not express any opinions at this meeting.)	1. Resolved and submitted to the Board for discussion 2. Resolved and submitted to the Board

(III) Summary of the Communication between Independent Directors and Accountants:

Date and Period	Focus of Communication	Results of Implementation
March 18th, 2021. The 11th meeting of the 1st session of the Audit Committee	1. 2020 Business and Financial Report 2. The evaluation of the commission, remuneration, independency and competency of the CPA. (The independent directors did not express any opinions at this meeting)	1.CPA presented the financial report and discussed it with the independent directors. The independent directors acknowledged the report and submitted it to the Board for discussion. 2. The independent directors acknowledged the report and submitted it to the Board for discussion.
Nov 4th, 2021. The 1th meeting of the 2nd session of the Audit Committee	1. The Company is replacing the certified accountant starting from the Q4 of 2021. (The independent directors did not express any opinions at this meeting)	1. Independent directors acknowledged the communication, proceeded to discussion, resolved and submitted to the Board for discussion.

3. The state of participation in Board meetings by the supervisors: Not applicable.

(III)Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company formulated the Corporate Governance Best-Practice Principles in August 2020 and was published on the Company's website and Market Observatory Post System.	No major discrepancies
2.Shareholding structure & shareholders' rights				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		1.The Company has established internal controls for shareholder services. 2.An investor page is available on the Company's website which includes all the contact details for the shareholders. 3.The stock affairs department of Masterlink Securities is the commissioned agency to handle shareholder service. The contacts, address and stock affair service line is posted on the Company's website and included in the annual report.	No major discrepancies. All the subsidiaries are not publicly traded companies; therefore, there is no internal operating procedure formulated for them.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		1.The Company maintains the information of all major shareholders, including the director, supervisor, manager and shareholders holding over 10% of the Company's shares. They account for over 70% of the actual number of shares outstanding. 2. The Company possesses the list of ultimate shareholders of the subsidiaries.	No major discrepancies.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		1.The Company has formulated the Procedure for Related Persons Transaction as the risk management guideline for transactions between the Company and its affiliated companies. 2.All the transactions between the Company and its subsidiaries shall comply with the Subsidiary Monitoring and Management Regulations."	The discrepancy between the real practice and Article 15 of the Corporate Governance Best-Practice Principles of the Company is that the President of the parent company serves a concurrent position as the President of the subsidiary.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		The Company has formulated "Management of the Prevention of Insider Trading" and "Procedure for Handling Material Inside Information" to stop insider trading using undisclosed information.	No major discrepancies
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board draw up, manage and implement a board diversity policy?	V		1.The Company formulated the Corporate Governance Best-Practice Principles in August, 2020. The Board of Directors comprise professionals with diverse backgrounds. To qualify as one of the professionals, one has to have the knowledge, skill and experience that are	No major discrepancies.

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			deemed beneficial to the Company without being limited to the basic requirements , values, professional knowledge and skills. 2.Please refer to the link below for the board diversity policy, development, management goals and the implementation and the status of the policies. http://www.sanshing.com.tw/download/investor6_Corp-Governance.pdf	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company and its subsidiaries do not have other Functional Committees of any type established.	Function Committees of any type are not formed.
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		1. The company has formulated the Rules for Performance Evaluation of the Board of Directors in 2019, please refer to the section of Operations of the Board of Directors on P21~23 for details 2.The 2020 performance evaluation of the Board, individual Director and Function Committee was submitted to the Board's meeting of the first quarter in 2021. The average scores fall between 4.62~4.92 (out of 5), which indicates the overall operational status was in good standing. 3.The performance evaluation of the Board, individual directors and Function Committee, which was submitted to the Board meeting for 2021 in the first quarter of 2022, averages out between 4.64~4.81 (out of 5). The overall operational status was in good standing.	No major discrepancies.
(4) Does the Company periodically evaluate the independence of its CPAs?	V		1.A professional accounting firm is responsible for the certified financial statements and the audition of internal control for the Company and its subsidiary. Each accountant takes turns to certify the financial statement in a period of five years. 2. The Company assigns the accounting department to evaluate the independence, professionalism and qualification of each hired accountant. The evaluation result will be presented to the audit committee for further evaluation and then submitted to the Board of Directors for discussion and approval. Evaluation details are as follows:	

Evaluation Item	Chen Cheng-Chu CPA	Hung, Guo-Sen CPA
1.Professional Background	Works for Ernst and Young with years of solid experience. Highest academic achievement: Master of Accountancy from NCKU	Works for Ernst and Young with years of solid experience . Highest academic achievement: EMBA from NCKU

Evaluation Item	Implementation Status					Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary			
			2.The CPAs have no significant financial interests in the Company.	V	V	
			3.The CPAs have no improper relationships with the Company.	V	V	
			4.The CPAs have not served as the chairman, director, manager or any position that is involved with auditing in the last 2 years.	V	V	
			5.During the audition period, the CPAs, their spouses, dependents or fourth degree relatives are not serving as the chairman, supervisor, manager or any position that is involved with the audition.	V	V	
			6. The CPAs did not allow others to use their credentials.	V	V	
			7.The CPAs do not own shares of the Company or its associates.	V	V	
			8.There is no financing between the CPAs and the Company or its associates.	V	V	
			9.The CPAs have no joint investments or profit-sharing agreements with the Company or its associates.	V	V	
			10.The CPAs do not not have regular work for the Company or its associates and receive fixed salaries.	V	V	
			11.The CPAs are not involved with decision-making management functions of the Company or its associates.	V	V	
			12.The CPAs do not receive any commissions in association with their businesses.	V	V	
			13.The CPAs do not engage in businesses which may deprive them of audit independence.	V	V	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>14.The assistants of CPAs have been honest, fair and independent.</td><td>V</td><td>V</td></tr></table>Evaluation result: The Board evaluated the independence of the CPAs, Chen, Cheng-Chu and Hung Guo-Sen. They both met the Company’s standards for independence.</td><td></td></tr>
<tr><td>4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</td><td>V</td><td></td><td>1. The team, which is in charge of Corporate Governance Matters, comprises the Department of Legal Affairs, the Office of the President and the section managers or above from the Finance Department. Each personnel is responsible for different aspects of the matters. For instance, the Office of the President is to provide information for Directors and Supervisors to perform their functions, handling works related to the Board of Directors’ meetings. The Department of Finance is to handle shareholders’ meetings and the minutes of the company’s registration. The Department of Legal Affairs is to provide legal advice in compliance with the principle of Corporate Governance.
2. On March 18, 2021, the Board appointed Manager Hsu, Chun Hsiao to assume the position of corporate governance supervisor. The supervisory position is responsible for the promotion of corporate governance and helping the Board fulfill its duty, please refer to http://www.sanshing.com.tw/download/investor6_Corp-Governance.pdf</td><td>No major discrepancies.</td></tr>
<tr><td>5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>V</td><td></td><td>1. The operating revenue from last month and quarterly certified financial statements are disclosed monthly on the Market Observation Post System and the Company’s website. As a result, the shareholders, employees and related persons of interest can stay informed on the current status of the Company’s operation; and it helps increase corporate transparency.
2.The Company would also actively and periodically provide quarterly certified financial statements to its bank.
3.San Shing labor union has a collective agreement with the Company and convenes a labor-management meeting periodically.
4.In accordance with the requirements for Occupational Safety and Health Management System and Worker Consultation and Participation specified by the ISO, the Company communicates, consults and participates with the related stakeholder. The Company values its social responsibilities, such as, continuously improving the placements of environmental equipment and sponsors local charity events to name a few, please refer to http://www.sanshing.com.tw/download/investor6_Corp-Governance.pdf
5.On the homepage of the Company’s website (http://www.sanshing.com.tw), there is a designated section set up for investor relations and people of interests. It also includes the communication</td><td>No major discrepancies. All the subsidiaries are not publicly traded companies and their financial information is not disclosed.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			channel for the shareholders, suppliers, consumers or customers and the complaint channel for the employees.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Stock Affair Department of Masterlink Securities is commissioned to deal with the shareholder affairs.	No major discrepancies.
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		The Company has a corporate website in Chinese, and it discloses at least three years of its financial standings and the status of corporate governance. It is periodically updated by designated personnel, and the link to the investor relation page is http://www.sanshing.com.tw	No major discrepancies. All the subsidiaries are not publicly traded companies and their financial information is not disclosed.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		1.The Company has a corporate website in English that discloses the company's business and financial reports, the link is 2.The Company has a spokesman and a deputy spokesman whose contact information is available under the Structure of Corporate Governance on the Market Observatory Post System and in this annual report. 3.The content of every investor conference held by the Company is fully disclosed and available in the aforementioned link and the Market Observation Post System.	No major discrepancies. All the subsidiaries are not publicly traded companies and their financial information is not disclosed.
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	The Company always reports and announces its financial statements within the prescribed time limit.	The Company does not report and announce its financial statement before the prescribed time limit.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1.Upholding the Employee Rights: The Company has a union that reviews the status of operation and meeting resolutions with the managerial team to maximize the benefits for the employees in a legal and unobstructive means. Some steps taken toward the mutually win-win outcome include pension allocation, employees' holiday entitlement, pay and benefits. 2.Employee Benefits: The employees benefits committee provides a wide range of benefits for the employees, including recreation facilities, company trips, subsidized meals, discount store, B.B.Q, raffles at year-end banquet, holiday bonus and birthday vouchers, employee group insurance, subsidies for wedding and funeral, regular health check-ups at appointed hospital. 3.Investor Relations: The Company has a spokesperson system set up for investors. Should any investors who have concerns regarding the Company's financial business, they are free to call or email the spokesman or the deputy spokesman for clarification. All relevant information is available as long as it does not jeopardize the best interests of the Company.(The contact information is listed on the inside	No major discrepancies.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			front cover of this annual report.) 4.Supplier Relations: The Company built up a data bank to track the payment terms and financial status of the suppliers. It also followed the Company's procurement procedure which includes inquiry, price negotiation, screening of the suppliers and final approval as it is stipulated in the internal control procedure to ensure the proper purchase transactions. In addition, the Company helps its outsourced manufacturers in elevating their production technique and improving product quality in order to form satellite factories centering the Company. 5.All the information regarding the Directors' attendance at the Board's meeting and the status of their continuing education will be disclosed on the Market Observation Post System. 6.For the implementation of risk management policies and risk evaluation measures, please refer to the Analysis of Risk Management on page 218~222. 7.The implementation status of customer policy: The Company has a customer data bank in which the customer payment terms, financial status, complaint channel policy and procedure ,such as, the customer complaint and investigation records, and 8-D Improvement Forms are stored to ensure a quality customer service. 8.The Company has purchased the Directors Liability Insurance for the Directors. 9.Any information regarding the Corporate Governance can be found on the Company's website and Market Observation Post System.	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.			1.On May 30, 2019, the Board approved and formulated the Self-Evaluation of the Board of Directors, and committed to conduct the self-evaluation at least once a year starting 2020. 2.On August 6, 2020, the Company formulated the Corporate Governance Best-Practice Principles. 3.March 18th, 2021, the Board appointed the accounting manager Hsu, Chun-Hsiao to assume the position of corporate governance supervisor. 4.The English version of the meeting handbook, annual report and financial statements will be uploaded prior to the annual shareholders meeting starting 2021. 5. Through the election of the Board members at the shareholders meeting on Aug 25, 2021,, the independent directors shall not serve more than 3 consecutive terms. 6. The preparation of sustainability reports is set to begin in 2023.	

(IV) Operation Status of the Remuneration Committee or Nominating Committee:

1.Backgrounds of the Remuneration Committee Members

There are three members on the Remuneration Committee of the Company, their backgrounds are as follows:

March 31st, 2022

Qualification / Title	Name	Professional Background (Note 2)	Level of Independence (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of Remuneration Committee
Independent Director/ Convener	Chien, Kuo Jong	Experienced in fastener manufacturing, industrial process, steel industry management, marketing and sales, and finance and accounting. Professional background in finance and accounting related courses. The director has not been in any circumstances listed in Article 30 of the Company Act.	Conforming with the status of independence, including but not limited to the person himself, spouse or second-degree kinship not serving as directors, supervisors or employees of the Company or its affiliated companies. The director currently holds 49,759 shares or 0.01% of the Company; not serves as the director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company. The director did not provide commercial, legal, financial, accounting or related services to the Company or its affiliated Companies for receiving any remuneration in the past 2 years.	0
Independent Director	Hsiao, Chine-Jine	Experienced in steel industry management and procurement. Served as the director of procurement and assistant Vice President of the sales department of Chinese Steel Company. Professional background in finance and accounting related courses. The director has not been in any circumstances listed in Article 30 of the Company Act.	Conforming with the status of independence, including but not limited to the person himself, spouse or second-degree kinship not serving as directors, supervisors or employees of the Company or its affiliated companies; not holding any share of the Company; not serving as the director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company; providing no commercial, legal, financial, accounting or related services to the Company or its affiliated Companies for receiving any remuneration in the past 2 years.	0
Other	Lee, Rong Shean	Lecturing in machinery and manufacturing departments. in National colleges and universities Serving as the associate professor, professor, factory director and director of the Department of Machinery and Manufacturing related departments of National Cheng Kung University. The director has not been in any circumstances listed in Article 30 of the Company Act.	Conforming with the status of independence, including but not limited to the person himself, spouse or second-degree kinship not serving as directors, supervisors or employees of the Company or its affiliated companies; not holding any share of the Company; not serving as the director, supervisor or employee of a specified company or institution that has a financial or business relationship with the Company; providing no commercial, legal, financial, accounting or related services to the Company or its affiliated Companies for receiving any remuneration in the past 2 years.	0

2.The operation status of the Remuneration Committee

(1)There are three commissioners on the Remuneration Committee.

(2)The tenure of the commissioners for this session: From Aug 25th, 2021 to Aug 24th, 2024. A total of 2 meetings of the Remuneration Committee were held in 2021. The qualification of the commissioners and their attendances are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(B / A)	Remarks
Convener	Tan, Po-Chun	1	0	100%	Aug 25th, 2021. Unelected. Shall attend 1 meeting during his tenure.
Commissioner	Liu, Han-Jung	1	0	100%	Aug 25th, 2021. Unelected. Shall attend 1 meeting during his tenure.
Commissioner	Lee, Rong hean	2	0	100%	Aug 25th, 2021. Re-elected.
Convener	Chien, Kuo Jong	1	0	100%	Aug 25th, 2021. Newly elected. Shall attend 1 meeting.
Commissioner	Hsiao, Chine-Jine	1	0	100%	Aug 25th, 2021. Shall atend 1 meeting during his tenure.

Annotation:

I.If the board of directors declines to adopt, or modifies, a recommendation of the Remuneration Committee, it shall specify the date of the Board Meeting, the content of the motion, the resolution of the Board and the response to the recommendation of the Remuneration Committee by the Board (for instance, if the remuneration passed by the board of directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified in the board meeting minutes, and shall be publicly announced and reported on the information reporting website): **None of the aforementioned took place in 2021.**

II.If with respect to any resolution of the remuneration committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, then the date of the Remuneration Committee, the period, the content of the motion, the response of each commissioner and the handling of their responses shall be specified. The summary of the Remuneration Committee meeting in 2021 is as follows:

Date and Period	Motions Discussed	Resolutions	The Company's Handling of Opinions
March 18th, 2021 The 6th meeting of the 4th session of the Remuneration Committee	1. The performance report of the Board for 2020. (including the Board, independent board member and Function Committee) 2. The distribution of remuneration to the managers, directors and supervisors for 2020 3. Bonus to the managers in 2020.	The motion was passed unanimously	It was submitted to and resolved by the Board.
Nov 4th, 2021 The 5th meeting of the 1st session of the Remuneration Committee	1. Review the index and criteria for performance evaluation of the Board. 2.Review the Policy, System, Standard and Structure of the Current Remuneration for the Directors and Managers	The motion was passed unanimously	It was submitted to and resolved by the Board.

3.The composition and operation status of the Nominating Committee: Not applicable.

(V) Fulfillment of Promoting Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"：

Promotion Items	Implementation Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1. Does the Company have a governance structure and an exclusive (concurrent) unit, which is handled by senior management authorized by the board and supervised by the board, to promote sustainable development?	V		The"Corporate Social Responsibility Best Practice Principles", which has been formulated by the Company, will be revised to conform with "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"in accordance with the regulations and the"Sustainable Development Best Practice Principles"actually practiced by the Company. An exclusive team, which is lead by senior management authorized by the Board and supervised by the Board, to promote sustainable development will be formed.It is now being discussed. The implementation summary for 2021 is as follows: 1. The General Affair department is responsible for engaging in neighborly activities within local communities. The details of those activities are stated in the promotion items 7-1 of this table. It is also in charge of the arrangement of corporate social responsibility, such as environmental protection and safety, and reporting to the President. 2. The 19th Session of Board meeting resolved to donate an"operating expense"of no more than NT$5 millions annually to San Shing Social Welfare Charity Foundation, depending on the operating status of the Company and the regulations of internal control. The mission is to constantly support underprivileged and disadvantaged groups with actual contributions. In 2021, the Company gifted the Charity NT$ 5 millions as endowment and the fund will go to those in need in accordance with its Charter of Endowment, approximately over one thousand people will benefit from this endowment. 3. The operation status of the promotion of sustainable development is periodically reported to the Board prior to the annual report date.	No major discrepancies. The subsidiaries are not publicly traded companies; therefore, they have not set up any unit dedicated to promoting sustainable development.
2. Does the company conduct risk assessment on environmental, social, and corporate governance issues, related to the company's operations and establish related risk management policies or strategies?	V		Based on the materiality principle, the Company conducts risk assessment on ESG issues related to the Company's operation and formulates a series of risk management policies, such as, Environmental Management Handbook, Occupational Safety and Health Management Handbook, Energy Management Handbook. In Chapter 4.1 of the Energy Management Handbook, the internal and external opportunity & risk and effectiveness evaluation chart analyzes the risks of the Company's operation from economy, customer, community, regulator, environmental protection (including energy) aspects. It also lists the responsive measures to those risks. Some other major regulations were formulated as well, such as, Regulations on Identifying Significant Environmental Aspects, Energy Planning Regulations, Occupational Safety and Health and Its Related Risks and Opportunities, Environmental, Health and Safety Policy and Management Objectives.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3. Environmental Topic</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Has the Company set an environmental management system designed to industry characteristics?</td><td>V</td><td></td><td>The Company was assessed and certified as meeting the requirements of ISO 14001 Environmental Management System in December 1997 and ISO45001 Occupational Health and Safety Assessment Series in July 2020. The same standards apply to the domestic subsidiaries as well. The Company has long been committed to the concept of pollution prevention and constantly improving its environmental management with the highest and latest standard every year.</td><td>No major discrepancies. The foreign subsidiaries operate in accordance with the local laws and regulations.</td></tr>
<tr><td>(2) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?</td><td>V</td><td></td><td>The company and its domestic subsidiaries have been improving the lubricant-use efficiency over the years and made some remarkable progress. It also prioritizes the use of low-toxic, low-polluting and environmental friendly materials to reduce the impact made to the environment.</td><td>No major discrepancies. The foreign subsidiaries operate in accordance with the local laws and regulations.</td></tr>
<tr><td>(3)Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?</td><td>V</td><td></td><td>In December 2013, the Company has been assessed and certified as meeting the requirements of the ISO50001 Energy management systems which specifies the requirements for establishing, implementing, maintaining and improving energy management systems. Remarkable progress has been achieved as stated on page 78 in this report.</td><td>No major discrepancies. The foreign subsidiaries operate in accordance with the local laws and regulations.</td></tr>
<tr><td>(4)Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?</td><td>V</td><td></td><td>1.Data collected from the Company and its domestic subsidiaries in the past two years:
<table>
<tr><th>Item</th><th>2021</th><th>2020</th></tr>
<tr><td>Electricity Consumption (mWh)</td><td>61,420</td><td>46,795</td></tr>
<tr><td>Water consumption (thousand tons)</td><td>112</td><td>107</td></tr>
<tr><td>Waste Volume (tons)</td><td>556</td><td>468</td></tr>
<tr><td>CO2 Emission (tons)</td><td>30,832</td><td>23,491</td></tr>
</table>
2.Management Policies and Effectiveness:
(1) The Company commissions the energy saving service and monitoring system to an energy service company (ESCO) which convenes an energy saving meeting periodically, formulates an energy saving policy and tracks the effectiveness of the service.
(2) The electricity consumption was reduced by 547 kWh, the CO2 emission was down by 274 tons in 2020. The electricity consumption was reduced by 493 kWh, the CO2 emission was down 247 tons in 2021.
(3) A wastewater treatment plant was set up in 2019 to separate oil from water using</td><td>No major discrepancies. The foreign subsidiaries operate in accordance with the local laws and regulations.</td></tr>
</table>

Promotion Items	Implementation Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			physical treatment and filtration. The amount of waste oil outsourced for treatment reduced by 144 tons in 2021 compared to 2020. 3. The related management policies formulated by the Company are Energy Conservation Regulations, Industrial Waste Management Policy, Air Pollution Management Policy, Energy Performance Monitoring, Measuring and Evaluation Management Policy, Green Procurement Guidelines.	
4. Social Topics				
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The Company formulates its Work Rules in accordance with the Labor Standards Act to ensure the rights of its laborers, respect the internationally recognized human rights principles, adopt non-discrimination hiring policy, and implement a suitable management method as mentioned in page 75~77.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		1.The Company has formulated its Work Rules and set up the leave regulations and salary structure for each level of positions in the Company in accordance with the Labor Standards Act. 2.An Employee Benefit Committee was set up to address the employee benefits as described in V.(I).1 Employee Benefits Program on page 75-76. 3.Other than the regular salary, if the Company is profitable for the fiscal year, a percentage of the net income before tax will be allocated to the employee festival bonus and remuneration program.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(3)Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		1.The company provides a safe and healthy working environment for employees, as stated in page 78~80. 2.The Company arrange various safety and health education and training regularly for the employees, such as the promotion of 5S workplace organization method , emergency response training and fire drills.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(4)Has the Company established effective career development training plans?	V		The Company's career book lays out the career path for each type of work in the company. In pursuant to the Career Development Management, the Company is required to study the needs of the career development for its employees. The study then forms the career development plan for the coming year. Each employee is encouraged to continue their studies and career development.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(5)Does the Company 's product and service comply with related regulations and international rules to focus on issues regarding customers' health and	V		1.The sales and labeling of the products and services provided by the Company and its subsidiaries are in compliance with the relevant regulations and international guidelines as the international certifications stated in page 66-67. 2.The Company has been upholding its brand promises and valuing the customers' feedback; hence there is a customer complaints handling procedure to address the customers' complaint, related documentation such as Customer Complaint Response	No major discrepancies.

Promotion Items	Implementation Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
safety, privacy, sales, labeling and set policies to protect consumers and customers' rights and consumer appealing procedures?			Sheet, Customer Complaint Investigation Record and 8-D Report to ensure product integrity and quality service. 3.The Company has set up a communication and complaint channel for the stakeholders on its website.	
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor rights, and their implementation status?	V		1.In pursuant to the Regulations on Environmental Supplier Chain Management, all suppliers who wish to conduct business with the Company and its subsidiaries have to undergo the assessment of its past environmental and social records. It is to ensure all the suppliers have been in compliance with the environmental, occupational safety and health , labor rights related standards. The Company wishes to take on some social responsibilities along with its suppliers. 2.The business contracts between the suppliers and the Company and its subsidiaries will be drafted in accordance with the Company's Environmental Supplier Chain Management Regulations, Environmental Management Handbook, Energy Management Handbook, Safety and Health Handbook, Regulations on the Operation of Procurement, Regulations on Green Procurement, Regulations on Procurement Management for Safety and Health, Outsourced Process Management	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
5.Does the Company refer to international reporting rules or guidelines to prepare a Sustainable Report to disclose non-financial information of the Company? Has the said Report acquired 3rd certification party verification or statement of assurance?		V	The sustainable report which reveals non-financial related information of the Company for 2023 is under discussion.	The sustainable report has not been prepared.

6. If the company has established its sustainable development code of practice according to "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies,"please describe the operational status and differences:

The Company formed its own Corporate Social Responsibility Code of Practice of San Shing Fastech Corp. and has been in compliance with it as listed in Item 1~4.

7. Other important information to facilitate better understanding of the company's promotion of sustainable development:

1. The Company actively participates in and sponsors the local communities, such as, the temple fairs, the friends of police association,the commendation award dinner for volunteer firefighters,local Double Ninth Festival, Father's day,the social activities for elderlies in Guiren district, the development association of Guinan community and the development association of Nanbao community. The funding for all the activities totaled NT$390,000 plus additional NT$80,000 scholarship for the school and industry partnership in 2021.
2. The Company also formed a caring organization which donates money on a regular basis.

(VI) Implementation of Ethical Corporate Management, deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such deviations

Assessment Items	Status of Implementation			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
1.Formulation of Ethical Corporate Management Policies and Programs				
(1) Has the Company formulated ethical corporate management policies approved by the Board of Directors and specified its ethical corporate management policies, measures, and the commitment of Board of Directors and the senior management on active implementation of such policies in its regulations and external documents?	V		The Company's Board of Directors has approved the formulation of the "Ethical Corporate Management Best Practice Principles," and established the "Procedures for Ethical Management and Guidelines for Conduct" and "Work Rules"accordingly, specifying matters that all employees of the Company and companies of San Shing Group should comply while performing duties.	No major discrepancies. The subsidiaries are not publicly traded companies and do not have the Ethical Corporate Management Best Practice Principles formulated.
(2) Has the Company established a risk assessment mechanism against unethical behavior, periodically analyzed and assessed operating activities with higher risk of unethical behavior within its business scope, and established prevention programs accordingly which at least include precautions against behaviors stipulated in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE /TPEx Listed Companies?	V		In accordance with Ethical Corporate Management Best Practice Principles, the Company has established a risk assessment mechanism and prevention measure as follows: 1.Offering and acceptance of bribes - The Company imposes tight controls over the use of entertainment expenses including, but not limited to, the business meal, gift, money for funeral, wedding and festival and necessary treatment in compliance of its Procurement Regulations. 2. Illegal political donations - It is governed by the Form of Authorized Donations and the suggestions made by the Board on the major donations toward related or non-related parties. 3. Improper charitable donations or sponsorship - It is governed by the Form of Authorized Donations. 4.Offering or acceptance of unreasonable presents or hospitality, or other improper benefits - It is governed by The Code of Ethics for Directors and Managing Officers and Work Rules. 5.Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights - It is governed by the Code of Ethics for Directors and Managing Officers and the establishment of Intellectual Property Audit Committee. 6.Engaging in unfair competitive practices- It is governed by the Code of Ethics for Directors and Managing Officers. 7.Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services - The Code of	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Status of Implementation</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Ethics for Directors and Managing Officers, ISO14001, IS045001 and ISO50001 system certification and related Internal Control System.</td><td></td></tr>
<tr><td>(3)Has the Company specified operating procedures, guidelines for conduct, disciplinary and appeal system in its programs to prevent unethical behavior, implemented them accordingly and regularly reviewed those programs?</td><td>V</td><td></td><td>1.In pursuant to Article 12 of Work Rules, every employee shall abide by the confidentiality rules formulated by the company, behave in an honest manner, uphold the reputation of the Company, not abuse the positional power, avoid offering or acceptance of bribery, remuneration or illegal interests.
2.In pursuant to Article 2.1.3-1 of the Procurement Regulations, all procurement representatives shall behave in a professional, honest and ethical manner.
3.Every employee has a copy of the Work Rules and acknowledges the Reward and Discipline Regulation as stipulated in Article 86-88 and the Grievance Procedure in Article 111.
4.In May 2020, the Company has set up a communication and complaint channel for the stakeholders on its website.
5.The aforementioned items are subject to periodical reviews and revisions.</td><td>No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance to the relevant regulations of the parent company.</td></tr>
<tr><td>2.Implementation of Ethical Corporate Management</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(1) Does the Company evaluate the ethical records of counterparties and specify ethical conduct clauses in business contracts?</td><td>V</td><td></td><td>1. According to Article 3.3.5 of Supplier Management, the suppliers shall conduct business in an ethical manner and avoid unfair business practices. Article 3.5, all suppliers are assessed and evaluated by their fair business practices.
2. The articles of the contractor agreement clearly forbids that:
(1)The suppliers or other related personnels who offer bribes, kickbacks or interests in any form in order to win the contracts are legally liable for any damages incurred by such act and subject to legal punishment.
(2)The related representatives of the Company shall not ask the supplier for additional work outside the scope of the contracts or bribes; failing to comply is legally liable.</td><td>No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.</td></tr>
</table>

Assessment Items	Status of Implementation			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(2) Does the Company establish an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management and report its ethical corporate management policies, programs to prevent unethical behavior, and the supervision of implementation of those policies to the Board of Directors regularly (at least once a year)?		V	The Company does not have an exclusively dedicated unit under the Board of Directors to be in charge of ethical corporate management. Instead, the President and all the directors play a role in promoting ethical culture, values and behaviors and reporting the status of implementations to the Board of Directors periodically. The Company also constantly evaluates and verifies the adequacy of the rules of internal control and its policies based on the audit report; and continues to improve the rules and policies to ensure a thorough implementation of the rules and policies.	There is no dedicated unit set up under the Board of Directors to be in charge of ethical corporate management.
(3) Does the Company formulate policies to prevent conflict of interests, provide appropriate reporting channels, and implement it accordingly?	V		1.Article 15 of Ethical Corporate Management Best Practice Principle stipulates that all directors, auditors and managers shall exercise due care to avoid conflict of interests. If his or her participation is likely to compromise the interests of the company, the concerned person shall come forward to testify and respond at the Board's meeting. Also, the person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting. 2.Article 111 of the Work Rules stipulates the establishment of a complaint channel for the employees. 3.The Company has set up a communication and complaint channel for the stakeholders on its website.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(4) Has the Company established effective accounting and internal control systems for ethical corporate management, developed relevant audit plans based on the results of risk assessment of unethical behavior, and audited the status of compliance with the programs to prevent unethical behavior by the internal audit unit or a CPA?	V		1.Based on Article 16 of Ethical Corporate Management Best Practice Principle, the Company has established an effective accounting and internal control system to address business activities with high risk of unethical conducts. The system undergoes constant review to ensure the effectiveness of it is up to date. 2.The Internal Audit personnel periodically reviews the implementation of the system and prepares the findings in the audit report for the Board.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(5) Does the Company regularly hold internal and external training on ethical corporate management?	V		1.For the internal training, all the related regulations and the updated Ethical Corporate Management Best Practice Principles are available on the E-learning program for the employees. 2.For the external training on ethical corporate management, the Company makes sure its suppliers and contractors acknowledge its Ethical Corporate Management Best Practice Principle when recruiting them.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.

Assessment Items	Status of Implementation			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
3.Implementation of Whistleblowing System				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		1.If the employees wish to file a complaint, they can use either a physical suggestion box in the Company or the Company's website as the complaint channels. 2.A complaint channel for stakeholder is available on the Company's website and a designated personnel is in charge of it. 3.Whistleblowing procedure and rewards system are stipulated in Article 84 and 111 respectively in the Work Rules.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(2) Does the Company establish standard operating procedures for investigating cases reported, follow-up measures to be adopted after investigation, and related confidentiality mechanisms?	V		The person or unit, which is in charge of the reported cases, has to strictly comply with the business confidentiality and shall not breach the confidentiality obligations as stipulated in Article 12 of Work Rules.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
(3) Does the Company adopt measures to protect whistleblowers?	V		1.The penalty for an employee who commits misconduct includes ,but not limited to,the disclosure of the title, name, date of incident, the description of the incident; the disclosed information can be found on the Company's internal website. The measure is to ensure the whistleblower is treated fairly after blowing the whistle. 2.If the rights of the whistleblower are violated, the whistleblower can submit a complaint in accordance with Article 111 of Work Rules of the Company.	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
4. Strengthening Information Disclosure				
(1) Does the Company disclose its ethical corporate management policies and the results of its implementation on corporate websites and MOPS?	V		The related information can be found in the Corporate Governance page under the Investor Relations tab on the Company's homepage. (http://www.sanshing.com.tw)	No major discrepancies. The subsidiaries are not publicly traded companies. Related matters are addressed in accordance with the relevant regulations of the parent company.
5.If the Company has formulated its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the implementation and its discrepancies with the Principles: No major discrepancies.				
6.Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy) : None.				

(VII) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

1. The Company has formulated the following rules and regulations in accordance with Corporate Governance Best Practice Principles for TWSE/TPEx :

(1) Rules Governing Procedures for Shareholders' Meeting	(2) Rules of Procedure for Board of Directors Meetings
(3) Rules Governing the Election of Directors	(4) Procedures for Acquisition or Disposal of Assets
(5) Procedures for Endorsements and Guarantees	(6) Procedures for Loaning of Funds
(7) Supervision and Management of Subsidiaries	(8) Procedures for Making Transactions with Related Person, Certain Company or Group
(9) Management of financial and non-financial information.	(10) Procedures for Handling Material Inside Information
(11) Management of the prevention of insider trading	(12) Corporate Social Responsibility Code of Practice
(13) Ethical Corporate Management Best Practice Principles	(14) Code of Ethics for Directors
(15) Organization Regulations for Remuneration Committee	(16) Rules Governing the Scope of Powers of Independent Directors
(17) Procedures for Trading Halt and Resumption of Securities	(18) Organization Regulations for Audit Committee
(19) Rules Governing the Performance Evaluation of the Board of Directors	

2. The relevant information is available under the Corporate Governance on mops.twse.com.tw, or the Corporate Governance page under the Investor Relations tab on the Company's homepage. (www.sanshing.com.tw)

(VIII) Any other material information that would afford a better understanding of the status of the company's implementation of corporate governance may also be disclosed.

1. Certification of Employees Whose Jobs are Related to the Release of the Company's Financial Information:

(1)Enterprise Internal Control Basic Ability certified by SFI: one person in the auditing department is certified
(2)Other employees whose jobs are related to the release of the Company's financial information do not obtain related certificates.

2.Professional Development Courses on Corporate Governance Taken by the Company's Managers:

Title	Name	Dates	Organizer	Course Name	Hours
Independent Director	Vincent Lue	Sep 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		Oct 20, 2021	Securities and Futures Institute	2021 Annual Insider Equity Transaction Legal Compliance Seminar	3
Independent Director	Hsio, Chine-Jine	Sep 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Director	Chen, I-Chung	Dec 7, 2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Director	Tsai, Chen-Dar	Sep 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		Sep 7, 2021	Taiwan Corporate Governance Association	Changes in the 5G Era: Industrial Upgrades, Future Business Applications and the New Normal in the Post-epidemic Era	3
		Dec 1, 2021	Taiwan Corporate Governance Association	Industry 4.0 and Innovation-Led-Transformation for Companies	3
Director	Lee, Shih-Chia	Sep 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		Oct 20, 2021	Securities and Futures Institute	2021 Annual Insider Equity Transaction Legal Compliance Seminar	3
		Nov 03, 2021	Securities and Futures Institute	2021 Annual Prevention of Insider Trading Promotion Conference	3
Corporate Governance Manager	Hsu, Chun-Hsiao	Oct 20, 2021	Securities and Futures Institute	2021 Annual Insider Equity Transaction Legal Compliance Seminar	3
		Nov 1, 2021	Accounting Research and Development Foundation	Analyzing the Positive Impact of ESG on Companies	3
		Nov 4, 2021	Taiwan Corporate Governance Association	Corporate Social Responsibility-Corporate Governance from Human Rights Policy	3
		Nov 9, 2021	Securities and Futures Institute	2021 Annual Prevention of Insider Trading Promotion Conference	3
		Dec 7, 2021	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	3
		Dec 17, 2021	Securities and Futures Institute	Use of Futures Commodity Hedging Trading and Corporate Sustainability Conference	3
Accounting Manager	Lu, Wen Ping	Oct 4-15, 2021	Accounting Research and Development Foundation	The Professional Development Program for New Accounting Supervisor of the Issuer's Securities Company and the Stock Exchange	30
Auditing Manager	KO, HSIEN-HUI	Aug 3, 2021	Internal Audit Association of the Republic of China	Analysis of the Latest Domestic Corporate Governance Trends and Implementation of the Control Environment	6
		Aug 6, 2021		Practical Study Class of Information Business Verification	6

(IX) Implementation of Internal Control System

1.Statement on Internal Control System：

SAN SHING FASTECH CORP.

Statement on Internal Control System

Date: March 10, 2022

According to the results of our self-evaluation, the Company shall make the following statements on our internal control system for 2021:

I.The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. The objectives of this system are to provide reasonable assurance over the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of reporting and compliance with applicable rulings, laws, and regulations.

II.An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above mentioned objectives. In addition, the effectiveness of the internal control system may change with the environment and under different situations. Nevertheless, the Company's internal control systems contain self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiencies.

III.The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes a number of items. Refer to the Regulations for more information on the above mentioned items.

IV.The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, as of December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. The Statement shall become the main content of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Statement was passed by the Board of Directors on March 10, 2022, with none of the nine attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

SAN SHING FASTECH CORP.

Chairman ：Ko, Chi-Yuan

President：Chen, Hsin-Chih

2. The audit report of the commissioned CPA to conduct a special audit of the company's internal control systems: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) The Most Recent Fiscal Year and the Current Fiscal Year up to the Date of Publication of the Annual Report, Major Resolutions of Shareholders' Meeting and Board Meetings

1.Major Resolutions of Shareholders' Meeting on Aug 25th, 2021:

(1)The 2020 Consolidated Financial Statement was passed.

(2)The distribution of earnings for 2020 was passed. The cash dividend for shareholders is NT$ 1.83 per share, totaling NT$ 539,740,482.

(3)The motion to distribute capital surplus in the form of cash was passed and NT$50,139,826 was withdrawn from the additional paid-in capital - premium on common stock to distribute the cash dividend of NT$0.17 per share

(4)The amendment to Articles of Incorporation was passed.

(5)The amendment to Regulations Governing Election of Directors was passed.

(6)The election of the Board of Directors of the 21st session.

(7)The motion to lift the non-compete restriction of the new Board of Directors was passed.

2. The Execution and Major Resolutions of the Shareholders' Meeting:

(1)In the case of distribution of earnings and capital surplus in cash, the dividend for the shareholders is NT$539,740,482 and NT$50,139,826 respectively. According to the Board's resolution on Aug. 25th, 2021, the ex-dividend date is September 20th, 2021 and the cash distribution is completed on Oct 14th, 2021.

3. Major Resolutions of the Board's Meeting:

(1) On March 18th, 2021, the motion to distribute earnings for 2020 was passed by the Board.

(2) On March 18th, 2021, the motion to distribute capital surplus in cash was passed by the Board.

(3) On March 18th, 2021, the motion to distribute remuneration for employees and Directors for 2020 was passed by the Board.

(4) On March 18th, 2021, the evaluation of the appointment, independence, remuneration and suitability of the CPA was accepted by the Board.

(5) On March 18th, 2021, the motion to appoint the officer of corporate governance was passed by the Board.

(6) On March 18th, 2021, the motion to amend Rules for the Board of Directors Meetings, Standard Operational Protocol for Responding to Requests from Directors, Organization Regulations for Audit Committee, Rules Governing the Scope of Powers of Independent Directors, Regulations for Election of Directors and Articles of Incorporation, was passed by the Board.

(7) On March 18th, 2021, the motion to elect the Board of Directors of the 21st session was passed by the board.

(8) On March 18th, 2021, the Board resolved the date for the shareholders' meeting in 2021, the reasons for convening a shareholders' meeting and the deadline for changing the shareholders registry.
(9) On May 6th, 2021, the motion to amend the internal control policy of the Management of the Procedures for Preparation of Financial Statements of the Company was passed by the Board.
(10)On May 6th, 2021, the list of candidates for the Directors of the 21st session (including Independent Directors) was approved by the Board.
(11)On May 6th, 2021, the motion to lift the non-compete restriction of the new Board of Directors was passed.
(12) On Aug 5th, 2021, the motion to reassign the chief accounting officer was passed by the Board.
(13)On Aug 25th, 2021, the record date for the distribution of earnings and capital surplus in cash was set and approved by the Board.
(14) On Aug 25th, 2021, the motion of appointing the President of the Company was passed by the Board.
(15)On November 4, 2021, the Self-Evaluation or Peer Evaluation of the Board of Directors, Auditors and Managers and the Policy, System, Standard and Structure of Remuneration was passed by the Board.
(16)On March 10th, 2022, the motion to distribute earnings in cash for 2021 was passed by the Board.
(17) On March 10th, 2022, the motion to distribute remuneration for the employees and directors for 2021 was passed by the board.
(18)On March 10th, 2022, the evaluation of the appointment, independence, remuneration and suitability of the CPA was passed by the board.
(19) On March 10th, 2022, the motion to amend the Articles of Incorporation and Procedures for Acquiring or Disposing of Assets was passed by the board.
(20) On March 10th, 2022, the Board resolved the convening date of 2022 shareholders' meeting, the causes and subjects for convening the meeting and the deadline for altering the entries in the shareholders' roster for 2022.

4. The Execution of Major Resolutions of the Board Meeting:

(1) On March 18th, 2021, it was resolved that the distributed remuneration for the employees for 2020 was NT$11,000,000 and the remuneration for the Directors was NT$0. The resolution was reported at the shareholders' meeting on Aug 25th, 2021 and the distribution was completed in September 2021.
(2) On Aug 25th, 2021, it was resolved that the record date for distribution of earnings and capital surplus in cash for 2020 was Sep 20th, 2021. The distribution of cash was completed on Oct 14th, 2021.

(XII) During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

March 31st, 2022

Title	Name	Effective Date	Dismissal Date	Reason for Resignation or Dismissal
R&D Manager	Zhao, Pei- Cheng	Jan 1st, 2006	Jun 30th, 2021	Retired
Accounting Manager	Hsu, Chun-Xiao	Jan 1st, 1999	Aug 5th, 2021	Change in duties
President	Lin, Wen Chieh	May 24th, 2006	Feb 1st, 2022	Strategic change for business operation planning

V. Information on CPA Professional Fees:

(I)The amount of public audit fees and non-audit public fees paid to certified public accountants, their affiliates and affiliates, and the content of non-audit services:

Unit: NT$ thousands

Name of the Accounting Firm	Accountant	Audition Period	Audit Fee	Non-audit Fee	Total Amount	Note
Ernst& Young , Taiwan	Chen Cheng-Chu	Jan. 1th,2021~Dec.31th,2021	3,220	220	3,440	Job rotation within the firm
	Huang, Shih-Chieh	Jan. 1th,2021~Sep.30th,2021				
	Hung, Kuo Sen	Oct 1th,2021~Dec.31th,2021				

Note: The audit fees refers to the professional fees paid by the company to certified public accountants for auditing, review, and secondary reviews of financial reports and for financial forecast reviews Non audit fees includes the payment for tax compliance audit for NT$100 thousand and the English translation of the financial report for NT$ 120 thousand, totaling NT$ 220 thousand.

The matters shall be disclosed according to the following circumstances:

1. When the firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: **Not applicable.**
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefore shall be disclosed: **None.**

VI. Information on Replacement of Certified Public Accountant:

The Company has not replaced its accounting firm since 2020.

VII. Information on the Company's Chairman, President or Managements Having Served in a CPA's Accounting Firm or Its Affiliated Companies in the Last Year : None

VIII. Change and Pledge of Equity of Directors, Supervisors, Officer and Major Shareholders

(I) Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

Title	Name	2021		As of March 31st, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	TAIFAS CORPORATION	2,500,000	0	0	0
	Representative: Ko,Chi-Yuan (Chairman)	0	0	0	0
	Represenative: Chen, I-Chun (Vice Chairman)	0	0	0	0
	Representative: Yang, Long	1,000	0	0	0
Director	Wu, Shun-Sheng	0	0	0	0
Director	Lee, Shih-Chia	0	0	0	0
Director	Tsai, Cheng-Dar	0	0	0	0
Independent Director	Liu, Han-Jung (Note 1)	0	0	0	0
Independent Director	Tan, Po-Chun (Note 1)	0	0	0	0
Independent Director	Chien Guo-Jong (Note 2)	0	0	0	0
Independent Director	Vincent Lue (Note 2)	0	0	0	0
Independent Director	Hsiao, Chine Jine	0	0	0	0
President	Lin, Wen-Chieh (Note 3)	0	0	0	0
President	Chen, Hsin-Chih (Note 4)	0	0	0	0
Vice President	Su, Deng-Guei	0	0	0	0
Senior Manager	Lai, Sin-Cheng (Note5)	0	0	0	0
Spokesperson	Hsu, Chun-Siao	0	0	0	0
Accounting Manager	Lu, Wen-Ping (Note 6)	0	0	0	0
Financial Manager	Chen, Jyun-Rong	0	0	0	0
Major Shareholder	Hong Shang Investment Corp.	478,000	0	0	0
Major Shareholder	Hon Ping Investment Corp.	691,000	0	0	0
Major Shareholder	Hon Ching Investment Corp.	0	0	0	0

Note 1: Unelected Director on Aug 25th, 2021

Note 2: Newly elected President on Aug 25th, 2021

Note 3: Retired as President on Feb 1st, 2022.

Note 4: Promoted to President on Feb 1st, 2022

Note 5: Promoted to senior manager on Jan 1st, 2022

Note 6: Promoted to accounting manager on Aug 5th, 2021

(II) If the counterparty of a share transfer or share pledge is a related party: None.

IX. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another

Date of Shareholders' Meeting: June 16, 2022 (Book closure period: April 18, 2022-June 16, 2022)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)〔Note 1〕	Relationship	
Hong Sheng Investment Corp.	53,147,327	18.01%	0	0.00%	0	0.00%	No.2, No.3	The director and supervisor are the same person	
							No.4	The director and supervisor are the same person	
Representative: Chen, I-Chung	0	0.00%	0	0.00%	0	0.00%	None	None	
Hon Ching Investment Corp.	41,489,912	14.06%	0	0.00%	0	0.00%	No.1, No.3	The director and supervisor are the same person	
							No.4	The director and supervisor are the same person	
Representative: Chen, I-Chung	0	0.00%	0	0.00%	0	0.00%	None	None	
Hon Ping Investment Corp.	37,435,880	12.69%	0	0.00%	0	0.00%	No.1 No.2	The director and supervisor are the same person	
							No.4	The director and supervisor are the same person	
Representative: Chen, I-Chung	0	0.00%	0	0.00%	0	0.00%	None	None	
Pearl Investment Co., Ltd.	21,012,396	7.12%	0	0.00%	0	0.00%	Kuo, Min-Chu	Director	
Representative: Lee, Shih-Chia	1,410,804	0.47%	9,500	0.00%	0	0.00%	Kuo, Min-Chu	Mother and daughter	
Taifas Corporation	19,483,733	6.60%	0	0.00%	0	0.00%	No.1 ~ No.3	The Director and Supervisor are the same person	
Representative: Huang, Guo-Jian	0	0.00%	0	0.00%	0	0.00%	None	None	
Yun Shun Investment Corp.	18,600,000	6.30%	0	0.00%	0	0.00%	None	None	
Representative: Wu, Shun-Sheng	3,226,000	1.09%	671,000	0.22%	0	0.00%	Wang, Li-Yu	Second degree kinship	
Bank of Taiwan in custody for UOB-Kay Hian Limited	4,860,000	1.64%	0	0.00%	0	0.00%	None	None	
Song Yi Investment Ltd.	4,300,000	1.45%	0	0.00%	0	0.00%	None	None	
Representative: Wang, Li-Yu	1,029,938	0.34%	0	0.00%	0	0.00%	Wu, Shun-Sheng	Second degree kinship	
Tsai, Cheng-Dar	4,144,499	1.40%	1,864,293	0.63%	0	0.00%	None	None	
Kuo, Min-Chu	3,665,555	1.24%	0	0.00%	0	0.00%	Pearl Investment Ltd.	Director	
							Lee, Shih-Chia	Mother and daughter	

[Note 1] No.1 is Hong Sheng Investment Corp.; No.2 is Hon Ching Investment Corp.; No.3 is Hon Ping Investment Corp.; No.4 is Taifas Corporation

X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

March 31st, 2022

Reinvestment	Investment from the Company		Investment from the companies directly or indrectly controlled by directors and supervisors or managerial officers		Total Investment	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage
San Shing Heat-Treating Co., Ltd.	2,200,000	100.00%	0	0.00%	2,200,000	100.00%
Hexico Enterprise Co Ltd.	19,950,000	95.00%	0	0.00%	19,950,000	95.00%
Acku Metal Industries (M) SDN. BHD.	9,680,000	57.90%	7,040,000	42.10%	16,720,000	100.00%
Yeh Chang Heat Treatment (M) SDN. BHD.	0	0.00%	1,275,000	51.00%	1,275,000	51.00%

[Note] The Company adopts the equity method of accounting.

Chapter IV. Capital Overview

I. Capital and Shares

(I)Source of Capital Stock

1.Shares Issued by the Company from January 2021 to March 2022:

Unit: Share / NT$ thousands

Month /Year	Issue Price (Per Share)	Authorized Share Capital		Capital Stock		Remark		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increase by Assets other than Cash	Other
Not Applicable	Not Applicable	300,000,000	3,000,000,000	294,940,154	2,949,401,540	Not Applicable	Not Applicable	No new shares have been issued since 2021 till March 31, 2022

Note 1: The content shall include the information for the current fiscal year up to the date of publication of the annual report.
Note 2: If the paid-in capital has been increased, the prospectus shall note the sources of capital, the effective date for the current capital increase, the approval letter reference number and the amount.
Note 3: Where an issuer is registering to issue shares at below par value, such fact shall be prominently indicated.
Note 4: If monetary claims against the company or technology needed by the company are offset against share payments, such information shall be specified, and the type and amount of such offset shall also be noted.
Note 5: If a private placement, such fact shall be prominently indicated.

2. Type of Shares Issued by the Company from January to March 2022:

Unit: Share

Type of Share	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total Shares	
Common Shares	294,940,154	5,059,846	300,000,000	TWSE listed shares (Stock code 5007)

3. Information for Shelf Registration: Not applicable.

(II) Shareholder Structure

Shareholders' meeting date : June 16, 2022
Book closure period: April 18 ~June 16, 2022

Shareholder Structure / Number	Government Agencies	Financial Institutions	Other Judicial Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number of Shareholders	0	0	80	5,309	70	5,459
Number of Shares Held	0	0	221,962,193	63,428,827	9,549,134	294,940,154
Shareholding Percentage	0%	0%	75.26%	21.50%	3.24%	100.00%

(III) Shareholding Distribution Status：

Shareholders' meeting date : June 16, 2022
Book closure period: April 18 ~June 16, 2022

Range of Shares Held	Number of Shareholders	Number of Shares Held	Shareholding Percentage
1-999	2,603	486,611	0.16%
1,000-5,000	1,923	3,911,469	1.33%
5,001-10,000	341	2,507,756	0.85%
10,001-15,000	128	1,564,426	0.53%
15,001-20,000	84	1,477,191	0.50%
20,001-30,000	87	2,164,677	0.73%
30,001-40,000	40	1,419,556	0.48%
40,001-50,000	34	1,579,713	0.54%
50,001-100,000	74	5,502,912	1.87%
100,001-200,000	44	5,968,101	2.03%
200,001-400,000	47	13,030,814	4.42%
400,001-600,000	17	8,173,576	2.77%
600,001-800,000	5	3,579,979	1.21%
800,001-1,000,000	4	3,461,931	1.17%
Over 1,000,001	28	240,111,442	81.41%
Total	5,459	294,940,154	100.00%

[Note]The company does not issue preferred shares.

(IV)List of Major Shareholders: List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage

Shareholders meeting date : June 16, 2022
Book closure period: April 18 ~June 16, 2022

Name of Shareholders Shares	Share Ownership	Ownership Percentage
Hong Sheng Investment Corp.	53,147,327	18.01%
Hon Ching Investment Corp.	41,489,912	14.06%
Hon Ping Investment Corp.	37,435,880	12.69%
Pearl Investment Co., Ltd.	21,012,396	7.12%
Taifas Corporation	19,483,733	6.60%
Yun Shun Investment Corp.	18,600,000	6.30%
Bank of Taiwan in custody for UOB-Kay Hian Limited	4,860,000	1.64%
Song Yi Investment Ltd.	4,300,000	1.45%
Tsai, Cheng-Dar	4,144,499	1.40%
Kuo, Min-Chu	3,665,555	1.24%

(V) Share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information.

Item			Year: 2020	2021	From January to March 2022
Market Price per Share (Note1)	Highest	Before Distribution	55.00	65.30	57.90
		After Distribution	55.00	65.30	57.90
	Lowest	Before Distribution	43.00	49.10	53.00
		After Distribution	43.00	49.10	53.00
	Average	Before Distribution	46.73	57.93	55.10
		After Distribution	46.73	57.93	55.10
Net Worth per Share (Note2)	Before Distribution		21.30	22.61	23.48
	After Distribution		21.30	22.61	23.48
Earnings Per Share	Weighted Average Shares		294,940,154	294,940,154	294,940,154
	Earnings Per Share (Note3)	Before Distribution	2.04	3.33	0.86
		After Distribution	2.04	3.33	0.86
Dividends per Share	Cash Dividends	Before Distribution	1.83	3.00	—
		After Distribution	1.83	3.00	—
	Stock Dividends	From Retained Earnings	—	—	—
		From Capital Surplus	—	—	—
	Accumulated Unpaid Dividend		—	—	—
Return on Investment	Price/Earnings Ratio		22.91	17.40	—
	Price / Dividend Ratio		25.54	19.31	—
	Cash Dividend Yield Rate(%)		3.92	5.18	—

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note1: Setting forth the highest and lowest market price per share of common stock for each fiscal year, and calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: Using the number of the outstanding issued shares at year end as the basis to calculate the respective net worth per share and by the resolution of share distribution made in the Board or shareholder’s meeting for next fiscal year.

Note 3: : If there are stock dividends distributions that must be adjusted retroactively, should list the EPS before and after adjustment.

Note 4: Price/Earnings Ratio = Average Market Price/ Diluted Earnings Per Share

Note 5: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share

Note 6: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price

(VI)Company's Dividend Policy and Implementation

1. Dividend Policy as in the Articles of Incorporation

The annual net income, if any, for a fiscal year shall be used to pay off taxes and offset accumulated losses as the priority. Then 10% of the balance shall be set aside as legal reserve.

Then the balance, along with the accumulated retained earnings, the Board of Directors will make a motion to discuss the distribution of dividend to shareholders in a shareholders' meeting. However when the legal reserve amounts to the authorized capital, this shall not apply.

Considering the capital needs in the future and healthy financial planning for sustainable development, the Company sets aside no less than 10% of the total distributable earnings as dividends for shareholders. However, when the accumulated distributable earnings is less than two percent of the amount of the Company's paid-up capital, the Company is exempt from distributing dividends. The distribution of earnings shall be made preferably by way of cash dividend, may also be made by way of stock dividend. The ratio for cash dividend shall not be less than 50% of the total distributable dividend.

2. Dividend Distributions Proposed at the Most Recent Shareholders' Meeting.

The distributable dividend for this fiscal year includes the 2021 net income of NT$982,947,180, the unappropriated earnings of NT$825,088,301 from last fiscal year and other comprehensive income of NT$4,315,080. Other than setting aside NT$98,726,226 as the 10% legal reserve, the distributable cash dividend totaled NT$884,820,462, which equals NT$3.00 per share. The unappropriated earnings at the end of the fiscal year were NT$828,803,873.

3. If a material change in dividend policy is expected, provide an explanation: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: There is no stock dividend distribution for the Company in 2021, hence it's not applicable.

(VIII)Remuneration for Employee and Directors

1. The percentages or ranges with respect to employees and directors remuneration, as set forth in the company's articles of incorporation.

Shall there be any profit for a fiscal year, the Company will set aside no less than 1.5% of the profits as the remuneration for employees and no more than 1% for the directors. The compensation for the employees is paid in stocks or cash; and it's subject to the resolution adopted by a majority of the board of directors present who represent two-thirds the total number of directors. The employees who are entitled to this remuneration have to meet certain criteria. If the Company has an accumulated loss, a part of the profit shall be kept to offset the loss first.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy:

(1)The basis for estimating the amount of employee and director, remuneration:

The estimated profit of the fiscal year (pre-tax income before setting aside for the remuneration of employees and Directors) minus the accumulated losses is used as the basis for estimating the amount of remuneration for the employees and directors. The Company will set aside no less than 1.5% of the profit as the remuneration (cash dividend) for employees and no more than 1% for the directors. In 2021, the remuneration set aside on the book for the employees is NT$18,500,000 and NT$0 for the directors.

(2)The basis for calculating the number of shares to be distributed as employee compensation

The stock's closing price prior to the resolution date of the Board's meeting is used as the basis for calculating the number of shares to be distributed as employee remuneration. However, the preceding Item 1 stipulates that all remuneration is preferably paid in cash divided instead of stock dividend, this rule is not applicable.

(3)The accounting treatment of the discrepancy of actually distributed and estimated amount:

If the actually distributed amount resolved by the Board is different from the estimated amount, the difference will be treated as a loss or gain for the next fiscal year.

3.Information on Any Approval by the Board of Directors of Distribution of Remuneration for 2021:

(1) The remuneration distributed to the employees is NT$18,500,000 thousand in cash without stock remuneration, and there was no remuneration for the Directors; it's the same as the recognized expense for 2021.

(2) The amount of employee remuneration distributed in stocks was NT$0, and the size of that amount was 0% of the sum of the net profit stated in the parent company only financial reports for the current period and total employee compensation.

4.The Actual Distribution of Remuneration to Employee and Director in 2020

(1)The actually distributed remuneration to the employees was NT$11,000,000 thousand in cash (no stock remuneration distributed), the details are as follows:

Title	Name	Distributed Amount (NT$)
President	Lin, Wen-Chieh	268,785
Senior Manager	Yang,Tie-Jhih	
Senior Manager	Chen, Hsin-Chih	
Senior Manager	Chao, Pei-Cheng	
Senior Manager	Su, Teng-Kuei	
Spokesman	Hsu, Chun-Hsiao	
Accounting Director	Lu, Wen-Ping	
Financial Director	Chen, Jyun-Rong	
Other Employees		10,731,215
Total Dividend		11,000,000

(2)The remuneration for directors and supervisors is NT$0, as follows:

Title	Directors (January 1, 2020~ December 31, 2020)	
	Name	Distributed Amount (NT$)
Chairman	Taifas Corporation Representative: Ko,Chi-Yuan	0
Vice Chairman	Taifas Corporation Representative: Chen, I-Chun	0
Director	Taifas Corporation Representative: Yang, Long	0
Director	Wu, Shun-Sheng	0
Director	Lee, Shih-Chia	0
Director	Tsai, Cheng-Dar	0
Independent Director	Tan, Po-Chun	0
Independent Director	Liu, Han-Jung	0
Independent Director	Hsiao, Chine Jine	0
Total	0	

(3)The actual distribution of remuneration to the employee and director is the same as the recognized expense in the book.

(IX) Status of a company repurchasing its own shares: None.

II. Status of Issuance of Corporate Bonds：Not applicable.

III.Status of Issuance of Preferred Shares: Not applicable.

IV.Status of Issuance of Global Depository Receipts: Not applicable.

V. Status of Issuance of Employee Stock Warrants and New Restricted Employee Shares: Not applicable.

VI. Status of Issuance of New Shares for Merger or Acquisition of Other Companies: Not applicable.

VII.Implementation of Capital Utilization Plans

(I) A description of the plans

With respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the last 3 years but have not yet fully yielded the planned benefits: None.

(II)Status of Implementation: Not applicable.

Chapter V.Operational Highlights

I. Business Activities

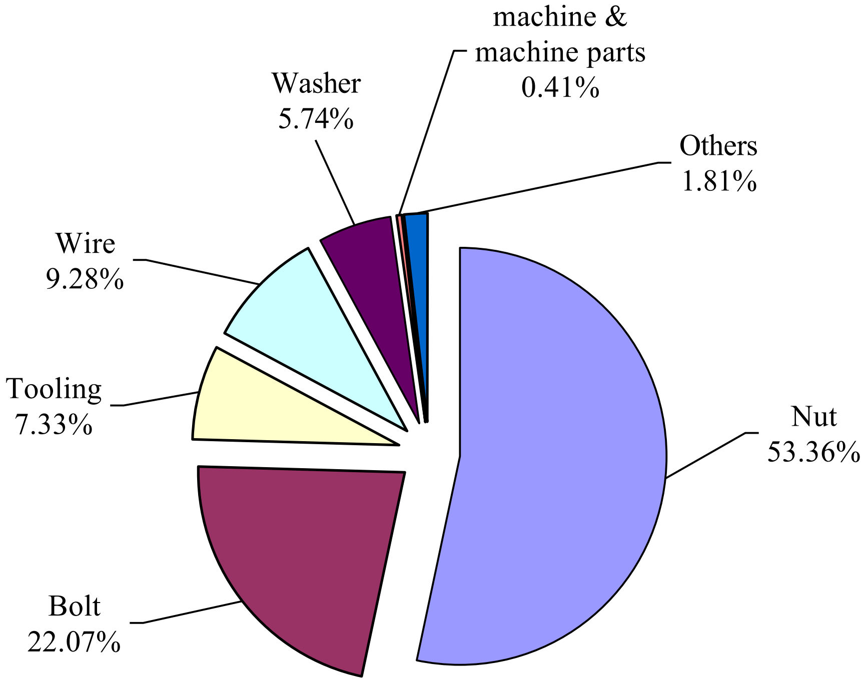
(I) Business Scope

1. Main Business and its ratio in total revenue

Unit: NT$ thousand

Product \ Revenue	2021 Amount	2021 Ratio
Nuts	3,792,194	53.36%
Bolts	1,569,088	22.07%
Wire	659,311	9.28%
Tooling	521,126	7.33%
Washer	407,737	5.74%
Machine & Machine Parts	29,316	0.41%
Other	128,401	1.81%
Total	7,107,173	100.00%

2021 Total Revenue for Each Product (in ratio%)



2. Company's Existing Products and the New Products To Be Developed

(1)Existing Products:

The main products of the Company and its subsidiaries are nuts, bolts, wires, tooling and washers. The total sales volume of the fastening products (bolts, nuts and washers) accounted for 81.17% of the consolidated operating revenue of the Group in 2021. Over 80% of the sales volume of the fastening products comes from the automotive industry, some end-user customers include GM, Ford, Chrysler, VW, BMW, Benz, Volvo, Audi, Fiat, Nissan, Mazda and Honda. However, the fastener business is based on a make-to-order system, the products are delivered to the original equipment manufacturer for the automotive companies instead of the automotive companies directly.

(2) New Products (services) To Be Developed:

New products(services) to be developed are in-house bolt, the development of its tooling, fastener sorting process and industry-academia collaboration. In-house bolt production holds the key to the future profitability for the company. In 2021, the sales volume of bolt products was about 40% of that in nut products. However, bolt products account for 70% of the global fasteners market. Increasing the sales volume of bolt products will therefore be the focus in 2022. As for the sorting process for fasteners, the focus of it will be boosting the quality of the fastening products and its after-sales service. The Industry-academia collaboration plan seeks to nurture professionals for perfecting the manufacturing techniques of fastening products and tooling. Hence, aside from researching and developing the innovative manufacturing techniques for nuts, the main focus of the future of business development is the development of automotive fasteners.As the Company aims to increase the sales volume for automotive fasteners, the equipment and tooling for producing high quality bolts will also be part of the development plan.

(II)Industry Overview

1. The Current Status and Development of Fastener Industry

Taiwan is one of the top 5 suppliers in the global fastener market. It is internationally well-known for its rigorous quality control, customization capability and flexibility. However, as the global economy has been slowing down since 2020 due to the outbreak of Covid-19 pandemic, the demand for capital goods, such as cars, has been dwindling down as well. During a crisis like this, the customers are holding back their orders. As the Covid-19 vaccine starts rolling out in 2021 and the impact of the pandemic on Taiwan is relatively mild compared to other countries, this leads to a 34.18% increase in Taiwan's fasteners export value in 2021 as compared to that of 2020. The export volume in weight increases 18.03% in 2021 compared to that of 2020. The main purchasers are some highly industrialized and developed countries, such as the U.S, Germany, Netherland, Britain and Japan. The pandemic is expected to be suppressed as Covid-19 vaccine begins to mature, 2022 is going to be a year of growth. Yet, the quality of fasteners supplied from China and SouthEast Asia is continuously on the rise. They are deemed to be the new challenge and competition for Taiwan's fastener industry. Even though Taiwan has been developing high-value added fastening products, the competition from China and South East Asia will inevitably and gradually chip away some of the market share for Taiwan's fastener industry. Besides, South Korea, being a FTA member with the EU and the U.S, is also a potential threat for Taiwan's fastener industry. Although the market segmentation is different for Taiwanese and Korean fastener industries, the market segments might overlap just a matter of time; the Company will have to stay on top of the industry trend.

Despite the unsettling global economy, fluctuation in currency exchange rate, Covid-19 pandemic and the upheaval in international politics, the Company is continuously devoted to the research and development of high end, high-value added and highly engineered automotive parts, and the benefits start to manifest. The consolidated revenue of our fastener products increased 32.01% to NT$5,769,019 thousand in 2021 as compared to NT$4,370,219 thousand in 2010. The sales volume also increased 23.45% in 2021 as well.

2. The Correlation of Upstream, Midstream and Downstream Industry:

The Company has formed a close and solid business relationship with its upstream supplier, such as China Steel Corporation. China Steel Corporation has been fully cooperative with the Company in terms of the variety, quantity, service, and delivery of its wire supply. In addition, the Company has a periodic contractual relationship with Nippon Steel and POSCO to secure a steady supply of wires. Backed up by these reliable partners, the Company owns the absolute advantage in the fastener industry locally and globally. It also guarantees sustainable development for the Company.

Based on the business philosophy of peer cooperation and competition, the Company does not enter a price cutting competition voluntarily. It pushes the transformation of the industry into a high-value added one, hastens the introduction of smart machinery and promotes the integration of upstream, midstream and downstream to improve the manufacturing process. The Company wishes to increase the overall global competitiveness of Taiwan fastener industry to compete with the growing threat from Korea, China and Southeast Asian countries.

Besides, the production structure of the Group is built around the core product - automotive fasteners with the maximum monthly capacity around 7,500 tons. In recent years, the Company has been proactively elevating the secondary operation technique and the inspection service for higher quality products in order to satisfy the customers' demand. The Company also selectively works with subcontractors who will be able to meet the production needs, quality requirements and comply with Environment, Health and Safety regulations in forming a satellite factory system.

3. Development Trends and Competition for Fastening Products

Other than the aforementioned facts about the fastening products from China and Southeast Asia, the Company is also facing challenges domestically. With the rise of environmental awareness, the increasing cost of acid pickling and fastener plating wastewater treatment, and the new policy regulating the days off for laborers, these costs gradually add up and make Taiwan's fastener products less competitive price wise. On the other hand, South Korea, being a close competitor, is capable of delivering quality fastening products as well. Its product quality, positioning and variety are overlapping with what Taiwan has to offer. Due to the market segmentation, South Korea is not posing as an immediate threat to Taiwan's fastener industry. However, as a FTA member with the EU and US, South Korea can deliver a serious blow to Taiwan's fastener industry with its trade advantage when it chooses to compete with Taiwan in the same market segment.

In order to stay competitive in the industry, the Company keeps on improving and perfecting its own R&D, technology, machinery and tooling department and quality assurance lab. The Company also has a complete in-house production line which includes the pickling process, forming, spheroidizing annealing, surface treatment, heat treatment and the sorting process. In addition, there are senior technicians in tooling design and experienced forming machine operators to sustain the long term development for high quality and high value-added automotive and aerospace fastener products. With the support from China Steel Corporation, the Company not only has stable wire supply but also special steels for high quality fasteners. The aforementioned highlights provide the Company a competitive edge when facing the challenges in global fastener industries.

(III)Status of Research and Development:

1. Technical Level within the Business Scope

(1) Production for high value-added products

The Company produces high value-added products which are widely recognized by the customers. Those products are broadly used in the automotive and construction industry. With the integrated production line and reliable quality assurance lab, the Company is able to assure delivery time and product quality.

(2)Manufacturing and Design of Fastener Related Tooling

The Company is fully and independently capable of designing and manufacturing the tooling for its fastener production. The tooling division is capable of meeting the fastener production requirements with highly controlled delivery time and quality. It also provides tooling design service and manufactures the tooling by orders for other customers.

(3) Manufacturing and Design of the Fastener Related Production Equipment

The Company is capable of researching, developing and customizing a specific production process or equipment for any type of fastener. These capabilities reduce the production cost and increase the competitiveness of a company. Forming machines for standard products are also available for sale as a part of the business scope.

2. Research and Development

(1) Continuously Develop New Manufacturing Technique for Fasteners

In order to improve the production efficiency for each manufacturing process of fasteners, the Company is researching and developing various secondary operation techniques to reduce the production cost.

(2) Expand the Field of Application for Fasteners

Research and develop the non-ferrous fasteners for various applications in different fields.

(3) Research a Variety of Processing and Inspection Equipment

The Company will utilize its existing research and development capability to expand the variety of its processing and inspection equipment.

3. The R&D expenses for 2021 and up to March 31 2022 are NT$44,257 thousand and NT$ 6,922 thousand. The main R&D projects are as follows:

Items	Research Project	Fields of Application
1	Tapping machine with servomotor for export	Addition to the machine product line
2	New transfer system for the parts former	Enhance machine capability for new fastener products
3	Improving precision in hot former	Increase productivity with improved quality
4	Integration of bolt former and CNC machine	Adaptation to Industry 4.0

(IV) Long & Short Term Business Development Plan:

1.Short Term Business Development Plan

(1) In order to stay ahead of its competitors, the Company will continuously adhere to its original strategy - developing high-value added automotive bolts and nuts. It will also continuously improve the technical capability for pre-processing, post-processing and inspection capability in order to provide a wide variety of product lines for the customers. Those features help the Company tap into a niche market and achieve product differentiation from its competitors.

(2) Forming a strategic alliance with the top 30 customers by sales value and working with them closely to advance the Company's research, development and manufacturing technology. At the same time, the Company will explore new markets outside of the EU and U.S for fastener products to increase the overall market share.

(3) The Company has been well known for its nut products, and its subsidiary "Hexico Enterprise Co., Ltd." is also a leading supplier of washers and owns multiple patents. Hence, to secure its leading position in the fastener market, The Company has to be able to produce its own bolts on top of its existing nuts sales channel. Therefore, the Company will continuously expand its research and development of the automotive bolts and the tooling and machineries used to produce them. Then the Company will also start trial producing some bolt products in 2022.

2. Long Term Business Development Plan

In-house bolt production will still be the focus of our long term business development plan, and it also holds the key to a new high in profitability for the Company. The Company will invest in purchasing or developing equipment for bolt production, and cooperate with Metal Industries Research & Development Center to cultivate the ability to independently develop the tooling needed for bolt production. Being able to independently develop the tooling for customers is an essential to break into the automotive market and increase the bolt market share for the Company. In addition, the subsidiary, ACKU Metal Industries(M) Sdn. Bhd., is a specialized bolt manufacturer in Malaysia. Its role is to expand the product range and provide a comprehensive service to our customers. ACKU will also be a stepping stone to the ASEAN market given its geographical advantage. It is hoped that the bolt business will be a one of the main players in the market as the nut business.

In addition, the research and development center of the Company was founded on its core business - fasteners. Through the integration of research and development management system, and perfecting the key manufacturing processes, such as forming, tapping and sorting, along with the innovative vision created by the research and development center, the Company is shifting its operation from technology-oriented to knowledge-oriented ,which marks the beginning of the transformation of the Company for next decade.

While the global economy in the future remains uncertain, the Company should strengthen the formation of the satellite factory system on top of the existing one. By outsourcing manufacturing to downstream factories with supplementation of materials, it helps solve the shortage of funds, materials and orders that downstream factories face. It also helps them cultivate the production quality and technology required to share part of the orders when the production capacity of the central factory is overloaded. Not only would it extend the operation of small to medium processing factories but also establish a perfect supply chain based on the principle of mutual dependence and increase the global competitiveness for the domestic fastener industry all together.

II. Market, Production and Sales Overview

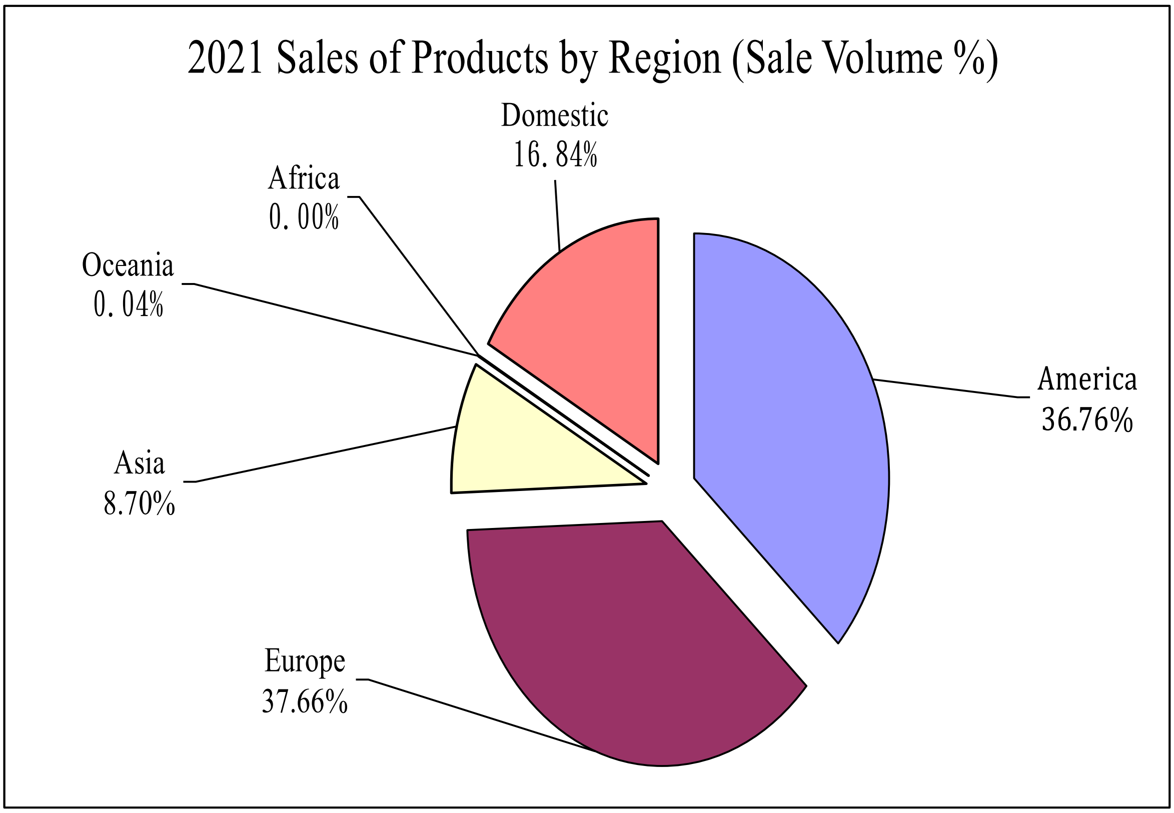
(I)Market Analysis

1. Sales Regions of Main Products

(1) The products consolidated sales volume and region in 2021 is as follows:

Unit: NT$ thousand

Product \ Region		Domestic Sales	America	Europe	Asia	Oceania	Africa	Total
Nut	Amount	178,830	1,880,539	1,663,845	68,227	753	-	3,792,194
	%	4.71	49.59	43.88	1.80	0.02	-	100.00
Bolt	Amount	79,831	447,833	710,715	330,709	-	-	1,569,088
	%	5.09	28.54	45.29	21.08	-	-	100.00
Wire	Amount	653,031	-	-	6,280	-	-	659,311
	%	99.05	-	-	0.95	-	-	100.00
Tooling	Amount	81,755	49,887	290,207	97,477	1,800	-	521,126
	%	15.68	9.57	55.69	18.71	0.35	-	100.00
Washer	Amount	148,122	218,069	4,595	36,701	250	-	407,737
	%	36.33	53.48	1.13	9.00	0.06	-	100.00
Machine parts	Amount	3,573	2,993	7,027	15,723	-	-	29,316
	%	12.19	10.21	23.97	53.63	-	-	100.00
Others	Amount	52,524	12,961	-	62,916	-	-	128,401
	%	40.91	10.09	-	49.00	-	-	100.00
Total	Amount	1,197,666	2,612,282	2,676,389	618,033	2,803	-	7,107,173
	%	16.84	36.76	37.66	8.70	0.04	-	100.00



(2) Market Share: In 2021 the export volume in weight for the Company's main product, nut products accounted for 16.15% of the total export volume of 281,188 tons of Taiwan (according to the statistics from The Bureau of Foreign Trade, MOEA).

2. Demand and Supply Conditions for the Market in the Future, and the Potential Market's Growth

(1) Market Demand and Growth:

Fastener products, known colloquially as "the rice of industry" in Taiwan, are industrial necessities. It has a wide range of applications across different industries, such as, machinery, construction, electronics, microelectronics, household products, healthcare and aerospace industry. It is the essential and fundamental part of every industry, and the demand for fastener products will grow as those industries thrive. Some highly industrialized countries, for instance, the U.S, Canada, the EU and Japan, are the largest importers of fastener products. In addition, some notable emerging market economies, such as China, Brazil, Russia, Poland and India, are going through a period of strong economic growth and industrial development which are further driving up the demand for fasteners. Hence, there is plenty of space for growth in the fastener industry.

Although Taiwan maintains the global reputation as "the kingdom of screws", Taiwan is still considered a mid-to-upper level player in the global supply chain compared to other countries. It means there is still room for improvement. In addition, automotive bolts account for a staggering 30% of the global industry use and the future demand of it is still growing every year, the market potential of it is simply immeasurable. Hence, the automotive bolts shall be the next development objective for Taiwan's fastener industry. Let Taiwan be the"Kingdom of Automotive Bolts" as well.

(2) Market Supply and Growth:

The fastener industry in Taiwan is facing two challenges. The first being that the core products of many domestic manufacturers are the standard ones, which result in no product differentiation and a cut-throat competition. The second challenge being that the core products of many rising foreign competitors, such as China and Southeast Asian countries, are standard ones as well but at a substantially lower price, which will chip away the Company's market share eventually. Although the quality of their products and management system is below par compared to Taiwan, Taiwan needs pace up and transform itself into the high-value and highly-engineered fastening products manufacturer to retain its leading position in this industry.

Not only does Taiwan have a robust quality system and complete pre- and post-production process but also a high standard for the related industry. The industrial standard of the machinery and tooling used to manufacture fasteners is far more advanced than what the competitors from China, Southeast Asia and East Europe can offer. Thus, Taiwan is still an indispensable global supplier of nuts and bolts and will retain its leading position in the market in the future.

3. Competitive Niche:

(1)Nuts:

A. The Company has its own R&D department, technical department, machinery and tooling factory, wire processing factory, secondary operation unit and sorting service, which means the Company has the capability to develop and improve the forming machines and tooling independently and further to elevate the manufacturing capability and quality. The Company also has a comprehensive in-house production process which includes pickling, wire drawing, forming, tapping, nut assembly and oil removal and heat treating and electroplating from the satellite factories. Such a horizontal and vertical integration enables the Company to develop high quality, high value-added and highly engineered products. The product can be an alternative to the American, Japanese and European products.

B. The Company has an excellent quality assurance system and is internationally certified. Some certifications include ISO 9001, IATF 16949, AS9100 quality management system. On top of that, its lab is also ISO 17025 certified by the NVLAP (Lab Code: 200158-0) under the requirements of the Fastener Act. The Company will continue developing the high-quality and high-value added products catered to the automotive industry of European, American and Japanese markets.

C. Proactively building strategic partnerships with local key players to increase the local market share and stability of orders.

(2)Bolts:

A. A large percentage of the current customers of the Company is from the automotive industry; the relationship is a great stepping stone to the development of value-added automotive fasteners.

B. The investment in ACKU Metal Industries (M) SDN. BHD. allows the Company to expand the product group for bolts, increase market share, provide a more comprehensive service and tap into the ASEAN market. The purpose is to build brand loyalty for the Company among the customers.

C. The Company has the capability and equipment to develop the tooling for bolts and for the pre- and post- production process of bolts. To keep up with the trend of the nut products, the Company will aim for the development of high tensile and alloy steel bolts to build up its specialty product group.

D. The Company has an excellent quality assurance system and is internationally certified. Some certifications include ISO 9001, IATF 16949, AS9100 quality management system. On top of that, its lab is also ISO 17025 certified by the NVLAP (Lab Code: 200158-0) under the requirements of the Fastener Act, which allows the bolt products of the Company to meet the special demand of the automotive industry.

(3)Washers:

A. The subsidiary Hexico Enterprise Co., Ltd. owns the unique manufacturing technique which is able to provide the customers with a comprehensive service, which helps build a professional image for the Company. Hence, when it comes to the fasteners or related products, the Company will be the first to come to the customer's mind.

B. Hexico Enterprise Co., Ltd is certified by TUV SUD Asia Ltd. Taiwan Branch for the ISO 9001: 2008 Quality Management System. The quality of its products is well known in the Taiwan fastener industry.

(4)Machinery:

The machinery product of the Company is well known for its speed, intuitiveness, ease of maintenance and excellent quality. In recent years, the Company has integrated the machine design, manufacturing and service to satisfy the needs of various customers. Not only do the customers purchase the quality machinery equipment from the Company but also the productivity and competitiveness.

The Company will continue improving the production process for the fastener production machinery. The development of a new type of production machinery will also be in coordination with the research and development of new nuts and bolts products in order to increase the production efficiency and quality of the bolts and nuts, and meet the customer demand of highly stable products.

(5)Tooling:

In response to the needs of European, American and Japanese customers, the Company highly values its investment in tooling manufacturing equipment. It is believed that fine equipment and excellent technology help improve and maintain the production efficiency of the Company’s core business - nuts and bolts.Other than having possessed the capability of manufacturing in-house tooling for bolts, the tooling division of the Company is also developing the tooling for nuts. The in-house capability is greatly beneficial to the business expansion in the future.

4. Advantage and Disadvantages for Future Development

(1) Advantages:

A. The Company has earned a strong brand loyalty and reputation for its quality products and development capability worldwide.

B. A wide variety of products provided by the Company is able to meet the needs of different customers from different regions. Thus, the market share of our products is also climbing steadily.
C. The quality management system of the Company has passed multiple international certifications and is highly recognized and acceptable in the high-end markets, such as, EU, U.S and Japan.
D. The Company has an integrated production line within its factory premises, it includes the wire process, the heat treatment for the finished product, the plating and sorting and the inspection process. This set up allows the Company to enjoy the advantage of economies of scale.
E. The Company has a tight and solid business relationship with the reliable upstream raw material supplier China Steel Corporation.
F. To keep on top of the domestic fastening industry news and trend through trading associations, like Taiwan Fastener Trading Association.
G. The Company formed a strategic alliance with the foreign customers from the downstream sector to improve manufacturing technique and increase market share.
H. In 2021, the total export amount for the Company and its subsidiaries was NT$5,909,507 thousand which accounted for 83.15% of consolidated operation revenue. A depreciation of the New Taiwanese Dollar is beneficial to the Company.

(2) Disadvantages and Response Measure

A. The cost of labor and environmental costs are higher in Taiwan compared to China or any other Southeast countries, it is a rather unfavorable factor. The countermeasure shall be:
(a) Increasing the employee's professionalism and production quality through effective employee training
(b) Hastening the move toward automation, information systems and environmental equipment.
(c) Enhancing the improvement of manufacturing process and the equipment configuration and layout to reduce the number of on-site personnel
(d) Reinvesting in ACKU Metal Industries (M) SDN. BHD. Malaysia to produce lower-end bolts at a lower cost to increase the market share

B. The competition between the peers can be vicious and lead to underselling and severely reduce the profit margin for all members in the industry. In order to separate the Company from the vicious competition, the countermeasure is to continuously develop high quality and high-value added products.

C. In 2021, the total export amount for the Company and its subsidiaries was NT$5,909,507 thousand which accounted for 83.15% of consolidated operation revenue. It implies that the appreciation of the New Taiwanese Dollar will have an adverse effect on the sales of the Company. To minimize the exposure to exchange loss and its impact on profitability, the sales team shall consider the fluctuation of the exchange rate when quoting the price or make the price adjustable subject to the currency exchange rate when drafting the sales contract.

(II) Major Application and Manufacturing Process of the Main Products

1. Nuts: The nut products of the Company are broadly used for various applications, including industrial equipment, automobile, transportation aircraft, defense industry, constructions, bridge construction, and fastening in general. The production flow of the nut products is as follows:

Wire → Pickling → Wire Drawing → Forming → Tapping

→ Clinch & Assembly → Heat Treating → Surface Treatment → Oil Removal

→ Sorting & Inspection → Packing

2. Wire : The Company conducts wire trading business. The wires are the raw material for the production of nuts and parts. It is also sold to downstream manufacturers for the production of nuts, chains, rollers, speaker bases, auto parts and other hardware.

3. Bolts:The bolt products of the Company are broadly used for various applications, including industrial equipment, automobile and fastening in general. The production flow of the nut products is as follows:

Wire → Spheroidizing Annealing → Pickling → Wire Drawing → Forming

→ Thread Rolling → Heat Treating → Surface Treatment → Sorting

→ Inspection → Packing

4. Washers: The Company's subsidiary, Hexico Enterprise Co., Ltd., has superior production techniques than its peers in the same industry. Washers can be used with nuts and bolts to increase fastening efficiency.

5. Machinery and machine parts: The machinery and machine parts are used to produce or maintain the production equipment.

6. Tooling: The tooling are used on the production equipment for nuts, bolts. washers.

(III) The Supply of Major Raw Material

Wire for cold forging is the main raw material used by the Company and its subsidiaries. A substantial amount of our stainless steel purchase is made with China Steel Corporation on quarterly procurement agreement, along with other international suppliers such as Nippon Steel Corp. and POSCO in Korea. Although the price for world stainless steel fluctuates with the supply and demand around the globe, the supply situation is highly reliable in terms of stability and quality.

(IV) List of suppliers accounting for 10 percent or more of the company's total procurement (sales) amount in any of the past 2 fiscal years

1. Suppliers Accounting for 10 Percent or More of the Company's Total Procurement Amount:

Unit：NT$ thousands / %

	2020			
Item	Supplier	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the Issuer
1	China Steel	1,023,004	53.40	None
2	Posco	212,051	11.07	None
	Others	680,650	35.53	—
	Total amount	1,915,705	100.00	—

	2021			
Item	Supplier	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the Issuer
1	China Steel	2,667,537	64.42	None
2	Posco	226,771	5.48	None
	Others	1,246,652	30.10	—
	Total amount	4,140,960	100.00	—

	January to March 2022			
Item	Supplier	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the Issuer
1	China Steel	358,414	64.52	None
2	Posco	14,936	2.69	None
	Others	182,182	32.79	—
	Total amount	555,532	100.00	—

(1)Reason for increases (or decreases) in the purchase volume on China Steel Corporation:

Among the entire Group, the Company and its subsidiary - Hexico are the only companies that purchase wire from China Steel Corporation. In 2021, the amount purchased from China Steel Corporation by these two companies soared 160.76% as compared to the same period last year. Mainly due to the rise of vaccination rate, Taiwan was able to bring the Covid-19 pandemic under control.

Hence, the total sales volume in weights of products made from wire, such as bolts, nuts and washers, increased 25.95% compared to the same period last year; the purchase and sale of the wire surged 133.18% as well. At the same time, the average cost per unit for the wire purchased from China Steel Corporation is 21.77% more than that of 2020. That is why the amount purchased from China Steel Corporation increased 160.76%.

(2)Reason for increases (or decreases) in the purchase volume on POSCO:

The Company was able to secure enough supply of steel wire with China Steel Corporation in 2021; hence, less order was placed with POSCO in comparison.

2. Customers with Sales Volume Accounting for More Than 10% of the Total Sales Volume.

Unit: NT$ thousand / %

	2021			
Item	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the Issuer
1	E1	777,710	15.33	None
	Other	4,294,933	84.67	—
	Consolidated Net Sales	5,072,643	100.00	—

Item	2022			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the Issuer
1	E1	887,861	12.49	None
	Other	6,219,312	87.51	—
	Consolidated Net Sales	7,107,173	100.00	—

Item	January to March 31 2022			
	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the Issuer
1	E1	286,157	15.26	None
	Other	1,589,665	84.74	—
	Consolidated Net Sales	1,875,822	100.00	—

(1)Reason for the increase (or decrease) in the sales figure on E1: The sales amount increased 14.16% in 2021, mainly due to the progress made in the vaccine development and rise in vaccination rate, Taiwan was able to maintain relative normalcy. Hence, the sales volume of fasteners increased 11.36% and the average sales price increased 2.51%, that is why the sales amount increased 14.16% compared to that of 2020.

(V) An indication of the production volume and value for the past 2 years

Unit: NT$ thousands / tons

Production Volume / Year / Main Product (division)	2021			2020		
	Capacity	Output	Output Value	Capacity	Output	Output Value
Nuts	60,000	49,616	3,102,890	60,000	36,186	2,195,837
Bolts	21,400	18,102	1,348,646	21,400	14,384	1,063,953
Washers	3,100	3,036	188,478	2,900	2,224	129,545
Machinery & Parts	—	—	28,625	—	—	25,095
Tooling	—	—	405,206	—	—	341,690
Other	—	—	230,321	—	—	170,721
Total	—	—	5,304,166	—	—	3,926,841

Note 1: The capacity means the production output under the normal operation of the existing equipment on actual working days.

(VI) An indication of the sales volume and value for the past 2 years

Unit: NT$ thousands / tons

Sales Volume / Year / Main Product (Division)	2021				2020			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Nuts	1,503	178,830	45,407	3,613,364	1,129	136,091	36,544	2,734,090
Bolts	604	79,831	17,461	1,489,257	436	56,110	14,754	1,164,181
Washers	1,919	148,122	2,459	259,615	1,891	147,689	1,427	132,058
Wire	24,674	653,031	205	6,280	8,359	152,869	239	6,663
Machinery & Parts	—	3,573	—	25,743	—	6,484	—	24,433
Tooling	—	81,755	—	439,371	—	65,239	—	359,934
Other	—	52,524	—	75,877	—	38,796	—	48,006
Total	—	1,197,666	—	5,909,507	—	603,278	—	4,469,365

III. Workforce Structure for the Past 2 Fiscal Years

March 31st, 2022

Year		2020	2021	As of March 31st, 2022
Number of Employees	Technicians	129	125	124
	Administration Staff	206	208	206
	Quality Assurance Personnel	93	97	95
	Production Planning	76	72	74
	Warehouse Employees	37	38	35
	Operators	1,170	1,214	1,193
	Total	1,711	1,754	1,727
Average Age		41.8	42.1	42.4
Average Years of Service		9.5	9.7	10.0
Academic Qualifications	Doctoral Degree	0.0%	0.0%	0.0%
	Master Degree	4.2%	4.0%	4.0%
	College/Bachelor	48.2%	49.5%	50.2%
	High School	24.1%	23.1%	23.6%
	Below High School	23.5%	23.4%	22.2%

Note 1: There were 2, 2 and 0 dispatched workers for the fiscal year of 2020, 2021 and January to March 2022 respectively, but they are not listed in the table above.

IV. Disbursement for Environmental Protection

(I)Any environmental pollution related losses incurred by the Company from 2021 and January to March, 2022

Any violations of environmental protection laws or regulations found in environmental inspection	Date of Punishment	Punishment Letter Number	Regulations Violated	Content of Regulations Violated	Content of Punishment
None	None	None	None	None	None

(II)Disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

1.An estimate of possible expenses that could be incurred currently and in the future (if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided): none.

2. Response Measure:

(1)The pollution prevention equipment and related expenditure:

The response measure includes the installation of new pollution prevention equipment and the modification, inspection, maintenance and periodic testing of the original pollution prevention equipment.

(2)Estimated improvement:

A.Reducing the waste quantity, consumption of resources and energy.

B.Increasing the resources and energy efficiency of the production equipment.

(3)Estimated possible expenditure: The capital expenditure on plants and equipment improvement will be around NT$ 1,000 thousand, yearly depreciation amount will be around NT$ 1,500 thousand.

(III) The Implication of EU RoHS Directives:

Due to the nature of the Company's business, the RoHS directives have no implications for the Company. Hence, it is not applicable.

V. Labor Relations

(I)Measures to Improve Labor Relations

1.Employee Benefits Program:

(1) Establishing workplace cafeteria
(2) Setting up employee discount store
(3) Organizing hobby clubs
(4) Holding birthday parties
(5) Gifting event on traditional holidays, such as, Lunar New Year festival
(6) Scholarship program for the children of the employees
(7) Managing and maintaining recreational amenities
(8) Holding sporting events
(9) Organizing company trips
(10) Offering year-end banquet and celebration or meal vouchers
(11) Subsidizing the purchase of safety boots for the employees and giving out uniforms periodically
(12) Preparing a beautiful and delicate calendar for each employee every December.

2.The Status of The Implementation of Continuing education and Training for the Employees retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

(1)In order to inspire the employees to give their best performance, the Company and its domestic subsidiaries came up with the Employee Development Training Program and the Instructor Selection Criteria which specify how employee development related training shall be run within the Company. Such programs and criteria will be made available on the internal website for all the employees of the Company.

(2) The Company and its domestic subsidiaries together have held career development related training 107 times in 2021. A total of 9,897 man-hours and 4,455 attendees participated in the training. 80.4% of the training was held internally while the rest was held externally. The external training related expense was around NT$181 thousand.

3. The Implementation of Retirement Systems for the Employees

(1)The Company has its own Employee Retirement Plan established with the purpose of looking after the employees in their retirement. The procedures and conditions set out in the plan are the guideline for the employees who wish to apply for retirement. The foreign subsidiaries shall have their own Employee Retirement Plan set up in compliance with the local laws and regulations.

(2)The employee retirement plan is in compliance with the Article 56 of the Labor Standards Act

(3)The Company established the Supervisory Committee of Business Entities' Labor Retirement Reserve in 1987. It was responsible for the promotion of the retirement program and the management and auditing of the reserve funds. The committee appropriated labor pension reserve funds with 3% of the total monthly wages of their employees and deposited such amounts in a designated account. The appropriation rate of the labor retirement reserve fund was later changed to 6%, 7.5% and 9% in January 1998, January 2001 and September 2013 respectively. The current rate is 9%.

(4) The Labor Pension Act which came into force on July 1, 2005 adopts the defined contribution plan. In response to the law, the employees of the Company and its domestic subsidiaries may choose to be covered by the retirement mechanism in the Labor Standards Act or to be covered by the pension system of the Labor Pension Act. Should the employee choose the latter, their seniority prior to their application to the Act is reserved. The pension appropriation rate borne by the Company is 6% of the next higher salary grade of the employee's monthly salary. The current pension appropriation rate for each employee is 6% of his/her monthly salary, and it will be contributed to the individual labor pension account on a monthly basis.

(5)Other supplementary details are available in the description of Post-Employment Benefit Plans in the Note 12 of the financial statement on Page 185 in this annual report.

4. Establish an Employee Communication Channel:

(1)The Company and the union have entered into a collective agreement and convened labor-management meetings with union representatives on a regular basis to ensure a harmonious labor-management relation. There has been no labor-management dispute incurred losses as of now.

(2)The labor union of the Company periodically convenes the Directors and Supervisors meeting, proactively addresses the needs of the employees, participates in the labor-management meetings and studies the career development and the benefits of the employees. The union received an excellent rating on multiple occasions by the government authority.

(II)Losses Suffered by the Company due to Labor Disputes from 2021 and January to March 2022

Labor Dispute or Violations of the Labor Standards Act Found in Labor Inspection	Date of Punishment	Punishment Letter No.	Regulations Violated	Content of Regulations Violated	Content of Punishment
None	None	None	None	None	None

1.An estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken.(If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided): Not applicable.

2.Response measure: Not applicable.

(III) Employee's Behaviors and the Implementation of Code of Ethics

1.The company has always attached great importance to the clarity and rationalization of the management system, and has formulated "Work Rules" in accordance with the Labor Standards Act and related laws and regulations, which have been submitted to Tainan City Government under the reference no. 1090176234. In response to the paperless policy, the Work Rules has been posted on the internal system, which is accessible electronically for reference. Article 7~12 of the Work Rules has covered the ethical obligations of the employees, therefore no additional codes of ethical conduct was established.

2.The core value of the Company's culture emphasizes employee integrity, workplace ethics, creativity and ambition. These core values are manifested in the form of company regulations, such as, Personnel Management Regulations, Measures of Prevention and Handling Sexual Harassment at Work, Gender Equality Employment Regulations. When carrying out the internal audit as a part of the internal control system, the implementation and enforcement of these regulations are the focus of the auditing. These core values have been also integrated into the new employees orientation, company meetings and various company events. The regulations are also available on the internal systems for reference.

3.The domestic subsidiaries are in compliance with the aforementioned regulations. The foreign subsidiaries shall comply with the local laws and regulations.

(IV) Work Environment and Employee Safety and Health Protection

1.Promotion and Implementation of Occupational Safety and Health Certification

(1) In December 1997, the Company acquired the certificate for ISO 14001 Environmental management system, certified by SGS International Certification Services AG. In December 2013, the Company acquired the certificate for ISO 50001 - Energy Management System.

(2) In July 2002, the Company was certified by SGS for OHSAS 18001 Occupational Health and Safety Management Systems. The Company received ISO 45001 certification for Occupational Health and Safety Management Systems in July 2020.

(3) The Enforcement of the Management Systems

In accordance with ISO 14001, ISO 45001 and ISO 50001 management systems, the Company sets up the goals and measures to identify, prioritize and address issues related to environment, occupational safety and health risk control and high energy consumption. For less polluting, risky and energy consuming issues, the Company will deal with them using the operation management method along with the PDCA (Plan, DO, Check and Act) approach to achieve the goals. Some of the outstanding achievements and management methods adopted by the Company are summarized as follows:

No.	Goal	Proposal	Current Status	Execution Status
1.	Abide to laws and other obligations	Change in the waste disposal plan of San Shing Fastech Corp.	In response to the requirements of the regulations, the change of the waste disposal plan should be completed before December 31, 2022, which is in line with the current implementation status.	The change was completed and approved by the Environmental Protection Bureau on Jan 19th, 2022. It is enforced and reported in accordance with the law.
2.	Abide to laws and other obligations	To assign emergency responder of the toxic and concerned chemical substances	The general-level emergency responder must be set up to assist in the implementation of relevant operations as required by the laws.	The personnel were sent for training on Jan 14th, 2022 and obtained a certificate.
3.	Energy Saving Improvement	Energy saving plan	Frequency conversion energy saving plan Air compressor energy saving plan Air conditioning energy saving plan Lighting energy saving plan Process energy saving plan	The San Shing Fastech Corp. saved 274 kilowatt-hours of electricity and reduced CO2 emissions by about 137 ton in 2021. San Shing Heat-Treating Co. saved 219 Kilowatt-hours of electricity and reduced C02 emission by 110 ton.
4	Mitigate the risks on environmental safety and health	Leakage circuit breaker socket for electric shock prevention solution	To prevent personnel from using the electric motor on a metal work table or in a humid place due to the risk of electric shock.	To set up leakage protection switches for specific work areas, and issue leakage circuit breaker sockets for relevant personnel to use. Improvements completed on July 8th, 2021.

5	Health Promotion	Health management promotion program	In order to maintain the health of employees, the campaign to encourage employees to quit smoking has been around since 2011.	In 2021, 8 employees successfully quit smoking. A total of 74 employees have successfully quit smoking since the implementation.

2.Occupational Safety and Health Management Plan

The Company has an Occupational Safety and Health Management Plan in place for the zero injury objective. The plan provides the details for each plant to follow to ensure a safe workplace. Should there be any deficiencies of the plan discovered by the audit system, they will be reviewed and improved by the Safety and Health Committee and discussed in the meeting for Occupational Safety and Health Management Reward and Punishment program.

Then the plan will be revised at the annual meeting of the Occupational Safety and Health committee and the revised content will be included in the Occupational Accident Prevention Plans for the next year. This PDCA (Plan, DO, Check and Act) cycle repeats itself for as long as needed to reach zero injury.

3. Implementation of Inspection Initiatives

When employees face an unfamiliar work environment, manufacturing process or operation, they may injure themselves due to unsafe operation, equipment or managerial reasons. Hence, the Company is proactively promoting the work site inspection initiative to help recognize and remove potentially hazardous factors that lead to injuries.

Items subject to the inspection initiative are equipment, raw material use, work environment, operating machine and automobiles. As for the equipment, it includes the special equipment for high pressure gasses, boilers, local exhaust ventilation devices, high and low voltage equipment. For the machines, it includes forklift, stationary cranes, grinding machines, vehicles, machining centers, drilling and milling machines.

4. Work Environment On-site Monitoring

When the Company conducts the work environment on-site monitoring, it first lays out a sampling strategy as part of the work environment on-site monitoring plan. The strategy begins with collecting basic data on raw materials, production processes and hazardous materials. It will then identify and categorize an exposure group based on its similarity using methods, such as, observations, interview records and investigations. Finally, it will sample the most likely exposure profile. Some sample items to be collected include carbon dioxide, noise, organic solvents and certain chemical substances.

5. Promote Cleaner Production

The Company will make the best and most effective use of the resources, improve the manufacturing procedure and operations management to reduce the cost of production. On the other hand, we will also prioritize zero or low pollution manufacturing procedures to reduce the waste output.

6. Health Management and Health Promotion for Employees

The appointed medical doctors and nurses along with industrial safety personnel to provide on site services and propose hygiene improvement plans periodically. At the same time, in order to reduce the health hazards for the employees, the Company will address the ergonomic hazards, promote maternal care and protection, prevent the abnormal workload-triggered disorders and promote the health for mid-aged and elderly laborers.

In addition, the Company periodically arranges better than legally required health checkups for the employees. Hobby clubs formed by the employees and company trips are also subsidized by the Company to promote the physical and mental health of the employees.

During the Covid-19 pandemic, the Company actively followed the anti-epidemic policies and measures of the government. In order to fulfill the responsibility of a manager, reduce the risk of business operation, the Company has implemented measures such as temperature measurement, alcohol disinfection, wearing masks, prohibiting crowds from gathering, maintaining social distance, and setting up partitions, etc.

VI. Cybersecurity Management

(I)Related Information on Cybersecurity

1.Structure of Risk Management for Cybersecurity

The President of the Company entrusted the manager of the IT department to set up a cyber security management team. The manager is in charge of leading and planning and coordinating all the the associated units of the Company are to collaborate with the team to ensure the effectiveness of its operation. The team is responsible for convening meetings periodically, in which the cyber security management policies are formulated, reviewed and revised. It also reviews the procedures of handling each cyber security related incident and reports to the Board on an annual basis.

2. Cybersecurity Policy

(1) To ensure the continuity of the business operation of the Company and the accessibility of the information provided by the Company.

(2)To ensure the confidentiality, integrity and availability of the information stored at the Company, including the information of the personnel.

(3) To formulate a business continuity plan and perform the information related business activities in compliance with the relevant law or regulation

3.Proposal of Cybersecurity Management

(1)Establish a mechanism for taking inventory of the information assets regularly. Carry out risk management according to information security risk assessment and implement related control measures

(2) Every personnel has to have a legit user account to access the computer system. store and retrieve information with appropriate authorization and control, In addition, they need to sign Ownership of Intellectual Property Rights Agreement and Trade Secrets Non-Disclosure Agreement and are asked to change their passwords periodically.

(3) The server room is on door access control at all times.

(4) All data is classified based on the level of its criticalness, backed up and stored offshore along with the media data.

(5)Exercise the simulation test and disaster restoration drill on the critical systems on a regular basis. validate the response measures and the effectiveness of data security to ensure the system can be restored in a minimal time possible.

(6)Each network node, server and network equipment is periodically assessed and improved for their protection ability, installed with the latest antivirus software and prohibited from the use of unauthorized software.

(7) Each network node, depending on the type of computer device, is equipped with antivirus software to strengthen the detection of malicious software.

(8)The magnetic parts of end-of-life computer hard drives will be destroyed to prevent data leakage.

(9)To effectively track and monitor outgoing emails, strengthen personnel vigilance against malicious email and phishing email threats, and avoid accidental activation of malware or ransomware.

(10)The firewall and internet security are periodically reviewed and improved to prevent hackers or malicious software from logging into the intranet.

(11)To stay in close contact with the cooperative information security suppliers, review information security daily, and address network security or server system vulnerabilities as soon as possible.

(12)To formulate the response and standard reporting procedure for cybersecurity incidents, and take appropriate steps to address a cybersecurity incident immediately to minimize the exposure.

(13) All the employees ought to abide by the legal norm and demand of the cybersecurity policy. All supervisors shall supervise and implement the cybersecurity policy, communicate the updated cybersecurity policies in their ranks in a timely manner and enhance the cybersecurity and legal knowledge.

4. Investment of Cybersecurity Management

The annual investment in information security management exceeds NT$250,000, and the team has more than 10 members. The expense or personnel may increase based on the actual implementation of remedial and improvement measures.

(II)List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

There has never been an information security incident in which external hackers attempted to steal trade secrets, intellectual property rights, or spy on confidential information since 2021. Therefore, the company's business and operations are intact and have not been subject to any criminal investigation in this regard.

(III) Cybersecurity Risk Assessment and Responding Measure

The Company has a sound protection system for its internet and information security to control or maintain the critical functions of the Company, such as manufacturing and operation. The appropriateness and effectiveness of the system is ensured through periodic review and assessment of the information security regulation and procedure, updating and upgrading its software and hardware. However, the cybersecurity threat is always changing, there is no guarantee that threats from hackers or malware can be avoided; especially for ransomware, which is embedded in emails and can be activated by accident to interrupt the operation of the Company and system.

Every employee needs to apply for an account to access the computer system according to the regulations, change the password regularly, then set the appropriate data access authority according to their duty, sign the intellectual property ownership and trade secret confidentiality agreement, fulfill and strictly observe the relevant confidentiality regulations and the operation of the company to avoid any personnel punishment or legal liability risks.

The server room is on door access control at all times. Moreover, the data required for the system operation is backed up by the data back-up mechanism and the offshore server according to its criticality. The backed up media and data are stored offshore as well. The Company regularly verifies the effectiveness of contingency measures and data preservation through system simulation tests and disaster recovery drills. In the event of system damage caused by unwarranted natural disasters and human negligence, the system can be restored to normal operation in the shortest time.

VII. Important Contracts

Nature of Contract	Contracting Party	Commencement and Expiration Date	Main Content	Restrictive Covenant
Wire procurement contract	China Steel Corporation	Contracts signed quarterly	To set the quantity, unit price and specifications for the quarterly wire demand	None
Wire procurement contract	POSCO (Hyosung Corporation)	Contracts signed when needed	To set the quantity, unit price and specifications for the wire procurement.	None
Wire procurement contract	Nippon Steel Corp.	Contracts signed when needed	To set the quantity, unit price and specifications for the wire procurement.	None

Chapter VI. Financial Overview

I. Consolidated Balance Sheet and Consolidated Statement of Comprehensive Income for the Past 5 Years

(I) Condensed Consolidated Balance Sheets - IFRS

Unit: NT$ thousands

Item \ Year		Financial Summary for the Past 5 Years (Note 1)					Financial SummaryAs of 2022/03/31 (Note 2)
		2017	2018	2019	2020	2021	
Current Assets		4,425,299	4,779,344	4,344,957	4,395,323	5,156,660	5,290,111
Property, Plant and Equipment		3,485,018	3,391,007	3,265,887	3,085,691	2,989,151	2,954,566
Intangible Assets		163,933	154,045	144,534	135,383	126,436	124,217
Other Assets		104,650	125,934	92,928	104,507	113,663	115,011
Total Assets		8,178,900	8,450,330	7,848,306	7,720,904	8,385,910	8,483,905
Current Liabilities	Before distribution	1,357,198	1,405,773	918,273	837,888	1,148,492	992,624
	After distribution	2,242,018	2,290,593	1,508,153	1,377,628	1,148,492	992,624
Non-Current Liabilities		500,302	478,748	435,060	405,375	364,873	352,310
Total Liabilities	Before distribution	1,857,500	1,884,521	1,353,333	1,243,263	1,513,365	1,344,934
	After distribution	2,742,320	2,769,341	1,943,213	1,783,003	1,513,365	1,344,934
Equity attributable to owners of parent	Before distribution	6,131,605	6,363,253	6,280,589	6,281,966	6,667,464	6,926,264
	After distribution	5,246,785	5,478,433	5,690,709	5,742,226	6,667,464	6,926,264
Capital	Before distribution	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401
	After distribution	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401
Additional Paid-In Capital		478,843	478,843	479,270	479,341	429,132	429,132
Retained Earnings	Before distribution	2,739,372	2,969,113	2,887,155	2,895,191	3,342,713	3,596,703
	After distribution	1,854,552	2,084,293	2,297,275	2,355,451	3,342,713	3,596,703
Other components of equity		(36,011)	(34,104)	(35,237)	(41,967)	(53,782)	(48,972)
Treasury Stock		0	0	0	0	0	0
Non-Controlling Interest		189,795	202,556	214,384	195,675	205,081	212,707
Total equity	Before distribution	6,321,400	6,565,809	6,494,973	6,477,641	6,872,545	7,138,971
	After distribution	5,436,580	5,680,989	5,905,093	5,937,901	6,872,545	7,138,971

Note 1: The annual financial report above has been audited and signed off on by a CPA.

Note 2: The financial summary from January to March 2022 has been audited and completed by a CPA

(II) Condensed Balance Sheet (Standalone) - IFRS

Item \ Year		Financial Summary for the Past Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		3,703,608	4,019,717	3,529,224	3,593,469	4,287,836
Property, Plant and Equipment		3,383,154	3,296,583	3,178,797	3,010,310	2,913,391
Intangible Assets		1,577	759	236	63	0
Other Assets		849,082	892,296	865,665	833,922	901,132
Total Assets		7,937,421	8,209,355	7,573,922	7,437,764	8,102,359
Current Liabilities	Before distribution	1,314,604	1,375,385	866,696	757,897	1,076,487
	After distribution	2,199,424	2,260,205	1,456,576	1,297,637	1,076,487
Non-Current Liabilities		491,212	470,717	426,637	397,901	358,408
Total Liabilities	Before distribution	1,805,816	1,846,102	1,293,333	1,155,798	1,434,895
	After distribution	2,690,636	2,730,922	1,883,213	1,695,538	1,434,895
Equity attributable to Owners of Parent	Before distribution	6,131,605	6,363,253	6,280,589	6,281,966	6,667,464
	After distribution	5,246,785	5,478,433	5,690,709	5,742,226	6,667,464
Capital	Before distribution	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401
	After distribution	2,949,401	2,949,401	2,949,401	2,949,401	2,949,401
Additional Paid-In Capital		478,843	478,843	479,270	479,341	429,132
Retained Earnings	Before distribution	2,739,372	2,969,113	2,887,155	2,895,191	3,342,713
	After distribution	1,854,552	2,084,293	2,297,275	2,355,451	3,342,713
Other components of equity		(36,011)	(34,104)	(35,237)	(41,967)	(53,782)
Treasury Stock		0	0	0	0	0
Total equity	Before Distribution	6,131,605	6,363,253	6,280,589	6,281,966	6,667,464
	After Distribution	5,246,785	5,478,433	5,690,709	5,742,226	6,667,464

Note 1: The annual financial summary above has been audited and signed off on by a CPA.

(III) Condensed Consolidated Statement of Comprehensive Income - IFRS

Unit: NT$ thousands

Item \ Year	Financial Summary for the Past Five Years (Note 1)					Financial SummaryAs of 2022/03/31 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenues	7,258,900	7,982,431	6,549,045	5,072,643	7,107,173	1,875,822
Gross profit	1,799,339	1,836,760	1,406,770	1,020,442	1,746,843	450,276
Operating income	1,360,382	1,387,972	993,106	657,363	1,229,756	301,036
Non-operating income and expenses	60,471	45,000	41,980	102,454	32,513	26,359
Income before tax	1,420,853	1,432,972	1,035,086	759,817	1,262,269	327,395
Net income (Loss)	1,153,150	1,138,895	833,548	615,656	1,005,192	260,483
Other comprehensive income (income after tax)	3,841	(4,445)	(16,940)	(16,461)	(18,239)	9,182
Total comprehensive income	1,156,991	1,134,450	816,608	599,195	986,953	269,665
Net income attributable to shareholders of the parent	1,133,528	1,121,465	817,640	601,536	982,947	253,990
Net income attributable to non-controlling interest	19,622	17,430	15,908	14,120	22,245	6,493
Comprehensive income attributable to Shareholders of the parent	1,133,721	1,116,469	801,730	591,186	975,447	258,800
Comprehensive income attributable to non-controlling interest	23,270	17,981	14,878	8,009	11,506	10,865
Earnings per share	3.84	3.80	2.77	2.04	3.33	0.86

Note 1: The annual financial report above has been audited and signed off on by a CPA.

Note 2: The financial summary from January to March 2022 has been audited and completed by a CPA

(IV) Condensed Statement of Comprehensive Income (Standalone) - IFRS

Year / Item	Financial Summary for the Past Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	6,625,190	7,303,834	5,868,399	4,511,457	6,396,299
Gross profit	1,544,537	1,586,797	1,175,104	836,799	1,449,029
Operating income	1,165,755	1,201,288	824,463	529,437	1,014,225
Non-operating income and expenses	197,846	174,075	157,372	186,540	178,391
Income before tax	1,363,601	1,375,363	981,835	715,977	1,192,616
Net income (Loss)	1,133,528	1,121,465	817,640	601,536	982,947
Other comprehensive income (income after tax)	193	(4,996)	(15,910)	(10,350)	(7,500)
Total comprehensive income	1,133,721	1,116,469	801,730	591,186	975,447
Earnings per share	3.84	3.80	2.77	2.04	3.33

Note 1：The above financial information was audited by CPA.

(V)The names and auditor's opinions of the attesting CPA for the Past 5 fiscal years

Year	Accounting Firm	CPA	Audit Opinion
2017	Ernst & Young	Lee Fang-Wen Huang Shih-Chieh	Unqualified opinion
2018	Ernst & Young	Lee Fang-Wen Huang Shih-Chieh	Unqualified opinion
2019	Ernst & Young	Chen,Cheng-Chu Huang, Shih-Chieh	Unqualified opinion
2020	Ernst & Young	Chen,Cheng-Chu Huang, Shih-Chieh	Unqualified opinion
2021	Ernst & Young	Chen,Cheng-Chu Hung, Kuo Sen	Unqualified opinion

II. Financial Analysis for the Past 5 Years

(I) Consolidated Financial Analysis from 2017-2021 based on IFRS

Item (Note 3) / Year (Note 1)		Financial Anaylsis for the Past 5 Years					Variance between 2020 and 2021 in Percentage	As of the fiscal year March 31st, 2022 (Note 2)
		2017	2018	2019	2020	2021		
Financial structure	Debt Ratio(%)	22.71	22.30	17.24	16.10	18.04	12.05	15.85
	Ratio of long-term capital to property, plant and equipment (%)	195.74	207.74	212.19	223.06	242.12	8.54	253.54
Solvency	Current ratio(%)	326.06	339.97	473.16	524.57	448.99	(14.41)	532.94
	Quick ratio (%)	206.88	191.33	294.48	362.56	248.09	(31.57)	332.99
	Interest earned ratio (times)	510.99	608.44	460.83	656.57	2,485.78	278.60	2,775.53
Operating performance	Accounts receivable turnover (times)	5.44	5.55	5.02	4.24	5.68	33.96	5.23
	Average collection period	67.09	65.76	72.70	86.08	64.26	(25.35)	69.78
	Inventory turnover (times)	3.55	3.35	2.79	2.76	2.96	7.25	2.71
	Accounts payable turnover (times)	11.25	11.33	11.93	13.14	13.80	5.02	14.23
	Average days in sales	102.81	108.95	130.82	132.24	123.31	(6.75)	134.68
	Property, plant and equipment turnover (times)	2.08	2.35	2.00	1.64	2.37	44.51	2.57
	Total assets turnover (times)	0.88	0.94	0.83	0.65	0.84	29.23	0.89
Profitability	Return on total assets (%)	14.32	13.72	10.25	7.92	12.48	57.58	12.52
	Return on stockholders' equity (%)	18.85	17.67	12.76	9.49	15.05	58.59	15.07
	Pre-tax income to paid-in capital (%)	48.17	48.58	35.09	25.76	42.79	66.11	45.01
	Profit ratio (%)	15.88	14.26	12.72	12.13	14.14	16.57	13.88
	Earnings per share (NT$)	3.84	3.80	2.77	2.04	3.33	63.24	0.86
Cash flow	Cash flow ratio (%)	83.06	67.78	138.09	137.06	37.91	(72.34)	18.73
	Cash flow adequacy ratio (%)	121.73	109.19	108.57	122.61	83.88	(31.59)	278.10
	Cash reinvestment ratio (%)	3.89	0.60	3.64	5.22	(1.37)	(126.25)	1.61
Leverage	Operating leverage	1.60	1.63	1.81	2.08	1.63	(21.63)	1.73
	Financial leverage	1.00	1.00	1.00	1.00	1.00	0.00	1.00

Note 1: The annual accounting report for each fiscal year has been audited by an independent and certified accountant.

Note 2：On March 31, 2022, the financial information was reviewed by CPA.

Note 3: The computation formula used in this report is as in Page 94

Note 4: The reason for change in financial ratios is explained in Page 90

(II)Standalone Financial Analysis – Based on IFRS

Item (Note 3) \ Year (Note 1)		Financial Data for the Last Five Years					Difference Comparison between 2021 and 2020 (%)
		2017	2018	2019	2020	2021	
Financial structure	Debt Ratio(%)	22.75	22.48	17.07	15.53	17.70	13.97
	Ratio of long-term capital to property, plant and equipment (%)	195.75	207.30	210.99	221.89	241.15	8.68
Solvency	Current ratio(%)	281.72	292.26	407.20	474.13	398.31	(15.99)
	Quick ratio (%)	175.57	161.02	245.02	328.06	213.65	(34.87)
	Interest earned ratio (times)	637.60	809.08	585.07	1,279.53	149,078.00	11,551.00
Operating performance	Accounts receivable turnover (times)	5.39	5.53	4.92	4.11	5.68	38.20
	Average collection period	67.71	66.00	74.18	88.80	64.26	(27.64)
	Inventory turnover (times)	3.83	3.60	2.95	2.97	3.22	8.42
	Accounts payable turnover (times)	9.81	9.90	10.22	11.43	12.24	7.09
	Average days in sales	95.30	101.38	123.72	122.89	113.35	(7.76)
	Property, plant and equipment turnover (times)	1.95	2.21	1.84	1.49	2.19	46.98
	Total assets turnover (times)	0.83	0.88	0.77	0.60	0.78	30.00
Profitability	Return on total assets (%)	14.48	13.90	10.37	8.02	12.65	57.73
	Return on stockholders' equity (%)	19.10	17.95	12.93	9.57	15.18	58.62
	Pre-tax income to paid-in capital (%)	46.23	46.63	33.28	24.27	40.43	66.58
	Profit ratio (%)	17.10	15.35	13.93	13.33	15.36	15.23
	Earnings per share (NT$)	3.84	3.80	2.77	2.04	3.33	63.24
Cash flow	Cash flow ratio (%)	72.78	64.10	114.76	137.28	33.05	(75.93)
	Cash flow adequacy ratio (%)	97.44	97.44	95.47	109.61	74.70	(31.85)
	Cash reinvestment ratio (%)	2.24	(0.03)	1.06	4.30	(2.12)	(149.30)
Leverage	Operating leverage	1.64	1.64	1.86	2.17	1.68	(22.58)
	Financial leverage	1.00	1.00	1.00	1.00	1.00	0.00

Note 1：Financial information from 2017 to 2021 was audited by CPA.

Note 2：The computation formulas used in financial analysis is on page 94

Note 3：The cause of changes in financial ratios on page 92

(III) Financial Ratios Analysis of Consolidated Financial Statements:

(Reasons for changes in financial ratios exceeding 20%)

There are a number of items of the 2021 consolidated financial statements of the Company with over 20% change in ratio compared to 2020. The main reason was attributed to the trade war in 2020 and the outbreak of Covid-19 which led to an overall slowdown in the global economy, hence the clients were placing their orders cautiously. However, as Covid-19 vaccines continue to be rolled out in 2021, Taiwan was less affected by the virus than other countries. Hence, the consolidated operating revenue increased 40.11% to NT$7,107,173 in 2021 from NT$5,072,643. Also, the consolidated operating profits, net operating profits and net profits after tax grew 71.18%, 87.07% and 63.27% to NT$1,746,843 thousand, NT$1,229,756 thousand and NT$1,005,192 in 2021 from NT$1,020,442 thousand, NT$657,363 thousand and NT$615,656 thousand in 2020 respectively. Therefore, the change in ratio of a number of items on the financial statements exceeds 20%, which will be explained and analyzed as follows, and supplementary explanation is provided when necessary.

1. Quick ratio: (31.57%) The numerator (current assets – inventory – prepaid expense) decreased 6.21% or NT$188,510 thousand to NT$2,849,348 thousand from NT$3,307,858 thousand compared with the same period last year. The denominator (current liabilities) increased 37.07% or NT$310,604 thousand to NT$1,148,492 thousand from NT$837,888 thousand compared with the same period last year. The change in quick ratio for the biennium is (31.57%).
2. Interest earned ratio: 278.60% As aforementioned, the net profits after tax grew 63.27% in 2021. The numerator (earnings before interest and taxes) increased 65.94% to NT$1,262,777 thousand from NT$760,976 thousand the same period last year. The denominator (interest expense) decreased 56.17% or NT$651 to NT$508 thousand from NT$1,159 thousand the same period last year. The change in quick ratio for the biennium is (278.60%).

3. The change in account receivable turnover, property, plant, and equipment turnover and the total asset turnover ratio is 33.96%, 44.51% and 29.23%; as mentioned above, the consolidated operating income in 2021 increased by 40.11% compared with the same period last year.

4. Average collection period: (25.35%) The reason is attributable to the account receivable turnover ratio as mentioned above.

5. The return on total assets and return on stockholders' equity ratio are 57.58% and 58.59% respectively. It was mainly due to the above-mentioned consolidated after-tax profit and loss in 2021, which increased by 63.27% compared with the same period last year.

6. Pre-tax income to paid-in capital: 66.11% It is due to that the consolidated pre-tax income in 2021 increased 66.13% or NT$502,452 thousand to NT$1,262,269 thousand from NT$759,817 thousand compared with the same period last year.

7. Earning per share: 63.24%. It is due to the increase of NT$381,411 thousand or 63.41% in net income of the parent company to NT$982,947 thousand from NT$ 601,536 thousand same period last year.

8. The cash flow ratio and cash flow adequacy ratio are (72.34%) and (31.59%) respectively. The main reason is as above-mentioned that the operating income increased significantly by 40.11% compared with the same period last year. Also, the sharp increase in the raw material cost which increased the inventory value increased by 73.77% or NT$973,739 thousand, which reduced the net cash generated from operating activities by NT$713,015 thousand to NT$435,449 thousand from NT$1,148,464 compared with the same time last year.

9. Cash reinvestment ratio: (126.25%) The numerator (net cash generated from operating activities – cash dividends) decreased 127.65% to NT$(154,431) thousand from NT$558,584 thousand compared with the same period last year. And the denominator (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) increased 5.08% to NT$11,237,556 thousand from NT$10,693,912 compared with the same period last year. The change in the cash reinvestment ratio for the biennium is (126.25%).

10. Operating leverage: (21.63%) The numerator (net sales – variable expenses) increased 47.14% to NT$2,015,415 thousand from NT$1,369,719 thousand compared with the same period last year. The denominator (profits from operations) increased 87.07% to NT$1,229,756 thousand from NT$657,363 thousand compared with the same period last year. The change in operating leverage ratio for the biennium is (21.63%).

(IV) Financial Ratios Analysis of Standalone Financial Statements

There are a number of items of the 2021 standalone financial statements of the Company with over 20% change in ratio compared to 2020. The main reason is the same as mentioned in (III) Consolidated Financial Statements. Hence, the standalone operating revenue, operating profits, net operating profits and net profits after tax grew 41.78%, 73.16% 91.57% and 63.41% to NT$6,396,299 thousand, NT$1,449,029 thousand , NT$1,014,225 thousand and NT$982,947 in 2021 from NT$4,511,457 thousand, NT$836,799 thousand and NT$529,437 thousand and NT$601,536 thousand in 2020 respectively. Therefore, the change in ratio of a number of items on the financial statements exceeds 20%, which will be explained and analyzed as follows, and supplementary explanation is provided when necessary.

1. Quick ratio: (34.87%) The numerator (current assets – inventory – prepaid expense) decreased 7.5% or NT$186,421 thousand to NT$2,299,971 thousand from NT$2,486,392 thousand compared with the same period last year. The denominator (current liabilities) increased 42.04% or NT$318,590 thousand to NT$1,076,487 thousand from NT$757,897 thousand compared with the same period last year. The change in quick ratio for the biennium is (34.87%).

2. Interest earned ratio: 11,551.00% As aforementioned, the net profits after tax grew 63.41% in 2021. The numerator (earnings before interest and taxes) increased NT$476,087 thousand or 66.44% to NT$1,192,624 thousand from NT$716,537 thousand compared with the same period last year. The denominator (interest expense) decreased NT$552 thousand or 98.57% to NT$8 thousand from NT$560 thousand compared with the same period last year. The change in quick ratio for the biennium is (11,551.00%).

3. The change in account receivable turnover, property, plant, and equipment turnover and the total asset turnover ratio is 38.20%, 46.98% and 30.00%; as mentioned above, the consolidated operating income in 2021 increased by 41.78% compared with the same period last year.

4.Average collection period: (27.64%) The reason is attributable to the account receivable turnover ratio as mentioned above.

5.The return on total assets and return on stockholders' equity ratio are 57.73% and 58.62% respectively. It is attributable to 63.41% increase of net income in 2021 compared to the same period last year.

6.Pre-tax income to paid-in capital: 66.58% The pre-tax income in 2021 increased 66.57% or NT$476,639 thousand to NT$1,192,616 from NT$715,977 thousand compared with the same period last year.

7.Earning per share: 63.24%, as explained in item 7 in section (III).

8.The cash flow ratio and cash flow adequacy ratio are (75.93%) and (31.85%) respectively. The main reason is as above-mentioned that the operating income increased significantly by 41.78% compared with the same period last year. Also, the sharp increase in the raw material cost which increased the inventory value increased by 82,19% or NT$894,292 thousand, which reduced the net cash generated from operating activities by NT$684,604 thousand to NT$355,862 thousand from NT$1,040,466 compared with the same period last year.

9.Cash reinvestment ratio: (149.30%) The numerator (net cash generated from operating activities – cash dividends) decreased 151.94% to NT$(234,018) thousand from NT$450,586 thousand the same period last year. And the denominator (gross property, plant, and equipment + long-term investments + other non-current assets + working capital) increased 4.99% to NT$10,993,286 thousand from NT$10,470,541 compared with the same period last year. The change in the cash reinvestment ratio for the biennium is (149.30%).

10.Operating leverage: (22.58%) The numerator (net sales – variable expenses) increased 48.33% to NT$1,705,174 thousand from NT$1,149,549 thousand the same period last year. The denominator (profits from operations) increased 91.57% to NT$1,014,225 thousand from NT$529,437 thousand compared with the same period last year. The change in operating leverage ratio for the biennium is (22.58%).

※The formulas for financial analysis are listed as follows；
(Based on IFRS)

1. Capital Structure
(1) Debt Ratio = Total liabilities/Total assets.
(2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
(1) Current ratio = Current assets / Current liabilities.
(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / Current liabilities.
(3) Interest earned ratio = Earnings before interest and taxes / Interest expense.
3. Operating performance
(1) Accounts receivable turnover = Net sales / Average accounts receivable
(2) Average collection period = 365 / Receivables turnover.
(3) Inventory turnover = Cost of goods sold / Average inventory.
(4) Accounts payable turnover = Cost of goods sold / Average accounts payables.
(5) Average days in sales = 365 / Inventory turnover.
(6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment.
(7) Total asset turnover = Net sales / Average total assets.
4. Profitability
(1) Return on total assets ＝ [Net income + Interest expense (1 – Tax rate)] / Average total assets.
(2) Return on stockholders' equity = Net income / Average total equity.
(3) Pre-tax income to paid-in capital = Pre-tax income / Paid-in capital
(4) Profit ratio = Net income / Net sales.
(5) Earnings per share = (Net income (loss) attributable to shareholders of the parent company– Preferred share dividends) / Weighted average of shares outstanding.
5. Cash Flow
(1) Cash flow ratio = Net cash generated from operating activities / Current liabilities.
(2) Cash flow adequacy ratio = Five-year sum of net cash generated from operating activities / Five-year sum of capital expenditure, inventory additions and cash dividends).
(3) Cash reinvestment ratio = (Net cash generated from operating activities – Cash dividends) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working capital).
6. Leverage
(1) Operating leverage = (Net sales – Variable expenses) / Profit from operations.
(2) Financial leverage = Profit from operations / (Profit from operations - Interest expenses).

III. 2021 Audit Committee’s Review Report

Audit Committee's Review Report

The Board of Directors has prepared and submitted to us the Company’s 2021 Business Report, Financial Statements and proposal for earnings distribution. Financial Statements were audited by Ernst & Young and they issued an audited report accordingly. We, as the Audit Committee of the Company, have reviewed the Business Report, Financial Statements, and proposal for earnings distribution and do not find any discrepancies. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To:
2022 Annual General Shareholders’ Meeting

SAN SHING FASTECH CORP.
Convener of the Audit Committee

Chien, Guo-Rong

March 10, 2022

IV. 2021 Consolidated Financial Statements

REPRESENTATION LETTER

The entities included in the consolidated financial statements as of December 31, 2021 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.Very truly yours,

Very truly yours,

SAN SHING FASTECH CORP.

Chairman: Chi-Yuan, Ko

March 10, 2022

Independent Auditors' Report

To San Shing Fastech Corp.

Opinion

We have audited the accompanying consolidated balance sheets of San Shing Fastech Corp. and its subsidiaries ("the Group") as of December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. <u>Loss Allowance of Accounts Receivable</u>

   As of December 31, 2021, the Group's net accounts receivable amounted to NT$1,286,439 thousand, representing 16% of the total consolidated assets which is significant for the consolidated financial statements. Since the loss allowance of accounts receivable is measured by the expected credit loss for the duration of the accounts receivable, the measurement of expected credit loss involves making judgement, analysis and estimates, and the result will affect net accounts receivable. Therefore, we considered this a key audit matter.
   Our audit procedures included, but are not limited to, assessing the appropriateness of expected credit loss for accounts receivable; understanding and testing the effectiveness of the internal control over accounts receivable collection established by management; sampling customers to perform confirmation and reviewing the collection in subsequent period to evaluate recoverability; testing the accuracy of aging and analyzing changes in aging to assess reasonableness; testing the relevant statistical information of loss rate calculated by rolling rate; considering the rationality of the prospective information and assessing the appropriateness of expected credit loss. Please refer to Note 5 and 6 in notes to the consolidated financial statements.

2. Inventory Valuation

As of December 31, 2021, the Group's net inventories amounted to NT$2,293,617 thousand, representing 27% of the total consolidated assets which is significant for the consolidated financial statements. Due to a high degree of customization for main finished goods and work in progress, obsolete and slow-moving inventory valuation requires significant judgement of management. Therefore, we considered this a key audit matter.
Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal control over inventory valuation which includes management of the inventory aging; evaluating the appropriateness of accounting policies for obsolete and slow-moving inventory; evaluating the physical inventory stock take plan provided by the management and choosing the significant location to perform the observation and inspect the status for any write-downs or write-offs of inventory; testing the correctness of aging intervals in inventory aging schedule and the appropriateness of the movement and assessing the inventory reserve percentage to confirm the reasonableness of management's determination of the provisions to reduce the valuation of inventory to net realizable value. Please refer to Note 5 and 6 in notes to the consolidated financial statements.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
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 ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020.

/s/ Chen, Cheng-Chu

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

March 10, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	4/6.(1)	$1,467,728	18	$1,637,006	22
Financial assets at fair value through profit or loss, current	4/6.(2)	27,357	-	5,261	-
Financial assets measured at amortized cost, current	4/6.(3)	26,517	-	167,939	2
Notes receivable, net	4/6.(4)&(15)	7,793	-	9,577	-
Accounts receivable, net	4/6.(5)&(15)	1,277,785	16	1,186,402	16
Accounts receivable - related parties, net	4/6.(5)&(15)/7	8,654	-	11,236	-
Other receivables		33,514	-	20,437	-
Inventories, net	4/6.(6)	2,293,617	27	1,319,878	17
Prepayments		13,695	-	37,587	-
Total current assets		5,156,660	61	4,395,323	57
Non-current assets					
Financial assets measured at amortized cost, non-current	4/6.(3)/8	34,810	-	6,496	-
Property, plant and equipment	4/6.(7)/7/8	2,989,151	36	3,085,691	40
Intangible assets	4/6.(8)&(9)	126,436	2	135,383	2
Deferred tax assets	4/6.(20)	66,092	1	71,002	1
Other non-current assets		12,761	-	27,009	-
Total non-current assets		3,229,250	39	3,325,581	43
Total assets		$8,385,910	100	$7,720,904	100

Liabilities and Equity	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Short-term loans	4/6.(10)	$797	-	$23	-
Financial liabilities at fair value through profit or loss, current	4/6.(11)	188	-	9,801	-
Contract liabilities, current	4/6.(14)/7	63,695	1	32,414	-
Notes payable		325,659	4	156,782	2
Accounts payable		138,029	2	152,612	2
Accounts payable - related parties	7	2,154	-	1,319	-
Other payables		392,256	4	359,634	5
Other payables - related parties	7	1,111	-	-	-
Current tax liabilities	4	222,585	3	123,830	2
Other current liabilities		2,018	-	1,473	-
Total current liabilities		1,148,492	14	837,888	11
Non-current liabilities					
Deferred tax liabilities	4/6.(20)	230,961	3	230,183	3
Other non-current liabilities	7	39,774	-	45,222	-
Net defined benefit liabilities, non-current	4/6.(12)	94,138	1	129,970	2
Total non-current liabilities		364,873	4	405,375	5
Total liabilities		1,513,365	18	1,243,263	16
Equity attributable to the parent company	4/6.(13)				
Capital					
Common stock		2,949,401	35	2,949,401	38
Additional paid-in capital		429,132	5	479,341	6
Retained earnings					
Legal reserve		1,271,053	15	1,211,261	16
Special reserve		259,309	3	259,309	3
Unappropriated earnings		1,812,351	22	1,424,621	18
Total retained earnings		3,342,713	40	2,895,191	37
Other components of equity		(53,782)	-	(41,967)	-
Total equity attributable to the parent company		6,667,464	80	6,281,966	81
Non-controlling interests	6.(13)	205,081	2	195,675	3
Total equity		6,872,545	82	6,477,641	84
Total liabilities and equity		$8,385,910	100	$7,720,904	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the years ended December 31			
		2021	%	2020	%
Operating revenues	4/6.(14)/7	$7,107,173	100	$5,072,643	100
Operating costs	4/6.(6)&(16)&(17)/7	(5,360,330)	(75)	(4,052,201)	(80)
Gross profit		1,746,843	25	1,020,442	20
Operating expenses	4/6.(16)&(17)				
Sales and marketing expenses		(303,479)	(4)	(178,403)	(4)
General and administrative expenses		(167,864)	(3)	(157,166)	(3)
Research and development expenses		(44,257)	(1)	(27,216)	-
Expected credit losses		(1,487)	-	(294)	-
Subtotal		(517,087)	(8)	(363,079)	(7)
Operating income		1,229,756	17	657,363	13
Non-operating income and expenses	4/6.(18)				
Interest income		4,406	-	8,816	-
Other income		37,402	1	99,661	2
Other gains and losses		(8,787)	-	(4,864)	-
Finance costs		(508)	-	(1,159)	-
Subtotal		32,513	1	102,454	2
Income from continuing operations before income tax		1,262,269	18	759,817	15
Income tax expense	4/6.(20)	(257,077)	(4)	(144,161)	(3)
Profit from continuing operations		1,005,192	14	615,656	12
Net income		1,005,192	14	615,656	12
Other comprehensive income (loss)	6.(19)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans		5,394	-	(4,525)	-
Income tax related to items that will not be reclassified subsequently		(1,079)	-	905	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(25,508)	-	(14,523)	-
Income tax related to items that may be reclassified subsequently		2,954	-	1,682	-
Total other comprehensive income (loss), net of tax		(18,239)	-	(16,461)	-
Total comprehensive income		$986,953	14	$599,195	12
Net income attributable to:					
Stockholders of the parent		$982,947	14	$601,536	12
Non-controlling interests		22,245	-	14,120	-
		$1,005,192	14	$615,656	12
Comprehensive income attributable to:					
Stockholders of the parent		$975,447	14	$591,186	12
Non-controlling interests		11,506	-	8,009	-
		$986,953	14	$599,195	12
Earnings per share (NTD)	6.(21)				
Earnings per share-Basic		$3.33		$2.04	
Earnings per share-Diluted		$3.33		$2.04	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity Attributable to the Parent Company							Non-Controlling Interests	Total Equity
			Retained Earnings			Other Components of Equity			
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total		
Balance as of January 1, 2020	$2,949,401	$479,270	$1,130,975	$259,309	$1,496,871	($35,237)	$6,280,589	$214,384	$6,494,973
Appropriation and distribution of 2019 retained earnings:									
Legal reserve	-	-	80,286	-	(80,286)	-	-	-	-
Cash dividends	-	-	-	-	(589,880)	-	(589,880)	-	(589,880)
Other changes in capital surplus	-	71	-	-	-	-	71	-	71
Net income for the year ended December 31, 2020	-	-	-	-	601,536	-	601,536	14,120	615,656
Other comprehensive income (loss), net of tax for the year ended December 31, 2020	-	-	-	-	(3,620)	(6,730)	(10,350)	(6,111)	(16,461)
Total comprehensive income (loss)	-	-	-	-	597,916	(6,730)	591,186	8,009	599,195
Changes in non-controlling interests	-	-	-	-	-	-	-	(26,718)	(26,718)
Balance as of December 31, 2020	$2,949,401	$479,341	$1,211,261	$259,309	$1,424,621	($41,967)	$6,281,966	$195,675	$6,477,641
Balance as of January 1, 2021	$2,949,401	$479,341	$1,211,261	$259,309	$1,424,621	($41,967)	$6,281,966	$195,675	$6,477,641
Appropriation and distribution of 2020 retained earnings:									
Legal reserve	-	-	59,792	-	(59,792)	-	-	-	-
Cash dividends	-	(50,140)	-	-	(539,740)	-	(589,880)	-	(589,880)
Other changes in capital surplus	-	(69)	-	-	-	-	(69)	-	(69)
Net income for the year ended December 31, 2021	-	-	-	-	982,947	-	982,947	22,245	1,005,192
Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	4,315	(11,815)	(7,500)	(10,739)	(18,239)
Total comprehensive income (loss)	-	-	-	-	987,262	(11,815)	975,447	11,506	986,953
Changes in non-controlling interests	-	-	-	-	-	-	-	(2,100)	(2,100)
Balance as of December 31, 2021	$2,949,401	$429,132	$1,271,053	$259,309	$1,812,351	($53,782)	$6,667,464	$205,081	$6,872,545

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31		Accounting	For the years ended December 31	
	2021	2020		2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$1,262,269	$759,817	Acquisition of financial assets measured at amortized cost	-	(89,085)
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Disposal of financial assets measured at amortized cost	102,318	-
Depreciation	210,123	231,608	Acquisition of property, plant and equipment	(94,589)	(40,651)
Amortization	8,947	9,151	Proceeds from disposal of property, plant and equipment	4	136
Expected credit losses	1,487	294	Increase in other non-current assets	(8,986)	(25,027)
Net gain of financial assets and liabilities at fair value through profit or loss	(78,749)	(5,004)	Interest received	4,406	8,816
Interest expense	508	1,159	Net cash provided by (used in) investing activities	3,153	(145,811)
Interest income	(4,406)	(8,816)			
Losses (Gains) on disposal and abandonment of property, plant and equipment	12	(130)			
Others	(10,000)	11,000			
Changes in operating assets and liabilities:					
Mandatorily financial assets at fair value through profit or loss	47,040	12,454	Cash flows from financing activities:		
Notes receivable	1,784	2,698	Increase in short-term loans	774	-
Notes receivable - related parties	-	9,242	Decrease in short-term loans	-	(171,238)
Accounts receivable	(92,715)	(37,454)	Decrease in other non-current liabilities	(5,448)	(2,649)
Accounts receivable - related parties	2,582	2,610	Cash dividends	(589,880)	(589,880)
Other receivables	(13,077)	3,254	Interest paid	(508)	(1,465)
Inventories	(963,739)	282,124	Changes in non-controlling interests	(2,100)	(3,000)
Prepayments	23,892	(9,809)	Others	(69)	71
Contract liabilities	31,281	8,831	Net cash used in financing activities	(597,231)	(768,161)
Notes payable	168,877	(14,239)			
Accounts payable	(14,583)	18,276			
Accounts payable - related parties	835	819			
Other payables	32,622	(26,010)			
Other payables - related parties	1,111	(1,051)			
Other current liabilities	545	(1,091)			
Net defined benefit liabilities	(30,438)	(32,023)	Effect of exchange rate changes on cash and cash equivalents	(10,649)	(9,209)
Cash generated from operations	586,208	1,217,710	Net (decrease) increase in cash and cash equivalents	(169,278)	225,283
Income tax paid	(150,759)	(69,246)	Cash and cash equivalents at beginning of period	1,637,006	1,411,723
Net cash provided by operating activities	435,449	1,148,464	Cash and cash equivalents at end of period	$1,467,728	$1,637,006

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SAN SHING FASTECH CORP. ("the Company") was incorporated in 1965. The main activities of the Company contains manufacturing, processing, marketing and export business of bolts, nuts, steel wires and related machinery, machinery parts, tools. The Company's common shares were publicly listed on Taipei Exchange (TPEx) on January 17, 1998 and started to list on Taiwan Stock Exchange Corporation (TWSE) on September 16, 2011.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 10, 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

a. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d. Annual Improvements to IFRS Standards 2018 - 2020
Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.
Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
D	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
E	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
F	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

The Group will apply for standards or interpretations issued by IASB but not yet endorsed by FSC in future periods and the potential impacts arising from the adoption on the Group's financial statements are summarized as follows:

A. IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures
The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint

Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. Classification of Liabilities as Current or Non-current – Amendments to IAS 1
These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

C. Disclosure Initiative - Accounting Policies – Amendments to IAS 1
The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

D. Definition of Accounting Estimates – Amendments to IAS 8
The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

E. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group is currently evaluating the potential impact of the aforementioned standards and interpretations to the Group's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

4. Summary of significant accounting policies

(1) Statement of compliance
The consolidated financial statements of the Group for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of Consolidation
Preparation principle of consolidated financial statement
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:
A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership	
Investor	Subsidiary	Business nature	Dec. 31, 2021	Dec. 31, 2020
The Company	San Shing Heat-Treating Co., Ltd.	Heat treatment processing business of bolts, nuts, toolings, etc.	100.00%	100.00%
The Company	Hexico Enterprises Co., Ltd.	Manufacturing, processing, import and export trading of metal washers, steel wires	95.00%	95.00%
The Company	Acku Metal Industries (M) SDN. BHD.	Production and sale of bolts	57.90%	57.90%
Acku Metal Industries (M) SDN. BHD.	Yeh Chang Heat Treatment (M) SDN. BHD.	Heat treatment processing business of metal products	51.00%	51.00%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in its functional currency, New Taiwan Dollars (NTD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
B. Foreign currency items within the scope of IFRS9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle.
B. The Group holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: recognition and measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:
a. the Group’s business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial

assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

<u>Financial asset measured at fair value through profit or loss</u>

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follow:

a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired.
b. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

<u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials – Purchase cost on a weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10～35 years
Machinery and equipment	6～10 years
Transportation equipment	5～10 years
Other equipment	5～9 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
C. amounts expected to be payable by the lessee under residual value guarantees
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

<u>Group as a lessor</u>

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Patents	Technology licenses	Other intangible assets
Useful lives	Finite (4～19 years)	Finite (5 years)	Finite (5 years)
Amortization method used	Amortized on a straight-line basis	Amortized on a straight-line basis	Amortized on a straight-line basis
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is fastener products and revenue is recognized based on the consideration stated in the contract. For part sales of goods transactions, they accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

<u>Rendering of services</u>

The Group provides services of pre- and post-production of fasteners. The determination of price is different depending on the content of the services: negotiation and quotation basis. As the Group provides wire pickling, wire drawing, heat treatment, surface treatment and testing based on agreements with clients, clients send payment after passing final acceptance and obtaining benefits. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized after clients' acceptance.

Most of the contractual considerations of the Group are collected evenly throughout the contract period. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxs

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Fair value of financial instruments
Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Inventories
Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(4) Pension benefits
The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(5) Income tax
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective group's domicile.
Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

tax planning strategies.

(6) Accounts receivable – estimation of impairment loss

The Group estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Cash on hand & demand deposits	$964,015	$771,748
Time deposits	93,379	50,421
Investments in bonds with resale agreements	410,334	814,837
Total	$1,467,728	$1,637,006

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

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Mandatorily measured at fair value through profit or loss:		
Forward foreign exchange contracts	$27,357	$5,261

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Time deposits	$61,327	$174,435
Current	$26,517	$167,939
Non-current	34,810	6,496
Total	$61,327	$174,435

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6. (15) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes receivable and Notes receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$7,793	$9,577
Less: loss allowance	—	—
Subtotal	7,793	9,577
Notes receivable - related parties	—	—
Less: loss allowance	—	—
Subtotal	—	—
Total	$7,793	$9,577

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6. (15) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable and Acounts receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable	$1,294,204	$1,201,489
Less: loss allowance	(16,419)	(15,087)
Subtotal	1,277,785	1,186,402
Accounts receivable - related parties	8,654	11,236
Less: loss allowance	—	—
Subtotal	8,654	11,236
Total	$1,286,439	$1,197,638

Accounts receivable were not pledged.

The Group signed insurance contracts of accounts receivable through the financial institution and the insurance group for specific accounts receivable, the insured amount of accounts receivable are NT$0 thousand and NT$496,533 thousand for the years ended December 31, 2021 and 2020, respectively.

Accounts receivable are generally on 30～90 day terms. The total carrying amount for the years ended December 31, 2021 and 2020 are NT$1,302,858 thousand and NT$1,212,725 thousand, respectively. Please refer to Note 6. (15) for more details on loss allowance of accounts receivable for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Raw materials	$855,864	$340,562
Supplies	253,159	242,993
Work in progress	566,056	428,834
Finished goods	618,538	307,489
Total	$2,293,617	$1,319,878

The cost of inventories recognized in expenses amounts to NT$5,360,330 thousand for the year ended December 31, 2021, including the reversal of write-down of inventories of NT$10,000 thousand. The reversal is due to a decrease in allowance for inventory valuation losses from price recovery of inventories with allowance for inventory valuation losses at beginning of period, inventories sold or inventories used.

The cost of inventories recognized in expenses amounts to NT$4,052,201 thousand for the year ended December 31, 2020, including the write-down of inventories of NT$11,000 thousand.

The aforementioned inventories were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Property, plant and equipment

	As at Dec. 31, 2021	As at Dec. 31, 2020
Owner occupied property, plant and equipment	$2,989,151	$3,085,691

	Land	Buildings and facilities	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2021	$1,996,871	$1,510,582	$3,139,876	$168,767	$282,012	$4,864	$7,102,972
Additions	–	13,124	35,224	2,866	6,285	37,090	94,589
Disposals	–	–	(24,761)	(6,308)	(550)	–	(31,619)
Transfers	–	–	40,402	–	1,012	(18,180)	23,234
Exchange differences	(1,518)	(1,615)	(3,361)	(516)	(349)	–	(7,359)
As at Dec. 31, 2021	$1,995,353	$1,522,091	$3,187,380	$164,809	$288,410	$23,774	$7,181,817
As at Jan. 1, 2020	$1,997,719	$1,508,642	$3,125,276	$168,489	$266,812	$2,977	$7,069,915
Additions	–	2,722	26,773	2,674	4,593	3,889	40,651
Disposals	–	–	(13,813)	(2,111)	(1,042)	–	(16,966)
Transfers	–	–	3,427	–	11,826	(2,002)	13,251
Exchange differences	(848)	(782)	(1,787)	(285)	(177)	–	(3,879)
As at Dec. 31, 2020	$1,996,871	$1,510,582	$3,139,876	$168,767	$282,012	$4,864	$7,102,972
Depreciation and impairment:							
As at Jan. 1, 2021	$–	($953,017)	($2,678,921)	($159,634)	($225,709)	$–	($4,017,281)
Depreciation	–	(41,063)	(149,169)	(3,868)	(16,023)	–	(210,123)
Disposals	–	–	24,753	6,300	550	–	31,603
Exchange differences	–	1,077	1,440	391	227	–	3,135
As at Dec. 31, 2021	$–	($993,003)	($2,801,897)	($156,811)	($240,955)	$–	($4,192,666)
As at Jan. 1, 2020	$–	($906,490)	($2,531,581)	($156,027)	($209,930)	$–	($3,804,028)
Depreciation	–	(47,108)	(161,672)	(5,908)	(16,920)	–	(231,608)
Disposals	–	–	13,813	2,110	1,037	–	16,960
Exchange differences	–	581	519	191	104	–	1,395
As at Dec. 31, 2020	$–	($953,017)	($2,678,921)	($159,634)	($225,709)	$–	($4,017,281)
Net carrying amount							
As at Dec. 31, 2021	$1,995,353	$529,088	$385,483	$7,998	$47,455	$23,774	$2,989,151
As at Dec. 31, 2020	$1,996,871	$557,565	$460,955	$9,133	$56,303	$4,864	$3,085,691

Property, plant and equipment – Due to the land included agricultural-used land adjacent to the factory, the registration of land is unable to be transferred to the Company's own title until the conditions to apply for the certificate of industrial-used land are fulfilled. The Company holds a lien on the land in order to preserve ownership of the asset.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Intangible assets

	Patents	Expertise capitalized	Goodwill	Other intangible assets	Total
Cost:					
As at 1 Jan. 2021	$202,000	$4,456	$94,628	$4,050	$305,134
Addition-acquired separately	—	—	—	—	—
Derecognition	—	—	—	—	—
Exchange differences	—	—	—	—	—
As at Dec. 31, 2021	$202,000	$4,456	$94,628	$4,050	$305,134
As at Jan. 1, 2020	$202,000	$4,456	$94,628	$4,050	$305,134
Addition-acquired separately	—	—	—	—	—
Derecognition	—	—	—	—	—
Exchange differences	—	—	—	—	—
As at Dec. 31, 2020	$202,000	$4,456	$94,628	$4,050	$305,134
Amortization and impairment:					
As at 1 Jan. 2021	($161,316)	($4,456)	$—	($3,979)	($169,751)
Amortization	(8,876)	—	—	(71)	(8,947)
Derecognition	—	—	—	—	—
Exchange differences	—	—	—	—	—
As at Dec. 31, 2021	($170,192)	($4,456)	$—	($4,050)	($178,698)
As at Jan. 1, 2020	($152,440)	($4,456)	$—	($3,704)	($160,600)
Amortization	(8,876)	—	—	(275)	(9,151)
Derecognition	—	—	—	—	—
Exchange differences	—	—	—	—	—
As at Dec. 31, 2020	($161,316)	($4,456)	$—	($3,979)	($169,751)
Net carrying amount as at:					
As at Dec. 31, 2021	$31,808	$—	$94,628	$—	$126,436
As at Dec. 31, 2020	$40,684	$—	$94,628	$71	$135,383

Amortization expense of intangible assets under the statement of comprehensive income.

	For the years ended December 31	
	2021	2020
Operating costs	$8,884	$8,978
Operating expenses	$63	$173

(9) Impairment testing of goodwill

The Group's goodwill allocated to the cash-generating units is expected to benefit from synergies of the business combination. Key assumptions used in impairment testing are as follows:

The recoverable amount of the cash-generating unit is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a five-year period. The projected cash flows reflect the change in demand for products and services. The pre-tax discount rate applied to cash flow projections for the years ended December 31, 2021 and 2020 were 9% and 8%, respectively. The benefit of ownership of patented technology with innovative industry by acquiring Hexico Enterprises Co., Ltd., the Group could produce the higher quality of specific products than the others using traditional punch processing. As a result of the analysis, the Group did not identify any impairment for the goodwill of NT$94,628 thousand.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

A. Gross margin
B. Growth rates
C. Discount rates

Gross margins - Management determines budgeted gross margin based on past performance and its expectations of market development.

Growth rates - The weighted average growth rates used by management are consistent with the forecasts included in industry reports.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash-generating unit, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Short-term borrowings

Details are as follows:

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Secured bank loans	$797	$23
Interest Rates (%)		
Secured	6.64%	6.64%
Expiry date	—	—

The Group's unused short-term lines of credits amount to NT$4,327,101 thousand and NT$4,377,111 thousand as at December 31, 2021 and 2020, respectively

Certain land and buildings are pledged as first priority security for secured bank loans with First Commercial Bank, please refer to Note 8 for more details.

(11) Financial liabilities at fair value through profit or loss, current

	As at	
Held for trading:	Dec. 31, 2021	Dec. 31, 2020
Forward foreign exchange contracts		
	$188	$9,801

(12) Post-employment benefits plan

Defined contribution plan

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. For the defined contribution plan, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the monthly wages of the employees. The Company and its domestic subsidiaries have made monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts subject to the plan.

Pension benfits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2021and 2020 were NT$48,426 thousand and NT$44,631 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 9% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March of the following year.
The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk.
With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT949 thousand to its defined benefit plan during the twelve months beginning after December 31, 2021.

The average duration of the defined benefits plan obligation as at December 31, 2021 and 2020 are 17 years and 18 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	For the years ended December 31	
	2021	2020
Current period service costs	$703	$1,084
Net interest expense of net defined benefit liability (asset)	546	1,264
Total	$1,249	$2,348

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Present value of the defined benefit obligation	$141,423	$186,623
Plan assets at fair value	(47,285)	(56,653)
Other non-current liabilities - accrued pension liabilities recognized on the balance sheets	$94,138	$129,970

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan are as follows:

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liability (asset)
As at Jan. 1, 2021	$186,623	($56,653)	$129,970
Current period service costs	703	—	703
Net interest expense (income)	736	(190)	546
Subtotal	188,062	(56,843)	131,219
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	459	—	459
Actuarial gains and losses arising from changes in financial assumptions	961	—	961
Experience adjustments	(6,027)	—	(6,027)
Remeasurements of benefit assets	—	(787)	(787)
Subtotal	(4,607)	(787)	(5,394)
Payments from the plan	(42,032)	42,032	—
Contributions by employer	—	(31,687)	(31,687)
As at Dec. 31, 2021	$141,423	($47,285)	$94,138

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liability (asset)
As at Jan. 1, 2020	$223,781	($66,313)	$157,468
Current period service costs	1,084	—	1,084
Net interest expense (income)	1,718	(454)	1,264
Subtotal	226,583	(66,767)	159,816
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	474	—	474
Actuarial gains and losses arising from changes in financial assumptions	11,261	—	11,261
Experience adjustments	(5,270)	—	(5,270)
Remeasurements of benefit assets	—	(1,940)	(1,940)
Subtotal	6,465	(1,940)	4,525
Payments from the plan	(46,425)	46,425	—
Contributions by employer	—	(34,371)	(34,371)
As at Dec. 31, 2020	$186,623	($56,653)	$129,970

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.69%	0.44%
Expected rate of salary increases	2.00%	1.70%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sensitivity analysis of each significant actuarial assumption :

	For the years ended December 31			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	—	$10,090	—	$13,983
Discount rate decrease by 0.5%	$11,103	—	$15,402	—
Future salary increase by 0.5%	$10,897	—	$15,124	—
Future salary decrease by 0.5%	—	$10,013	—	$13,883

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(13) Equities

A. Common stock

The Company's authorized capital were both NT$3,000,000 thousand as at December 31, 2021 and 2020. The Company's issued capital were both NT$2,949,401 thousand, divided into 294,940 thousand shares as at December 31, 2021 and 2020, each at a par value of NT$10.

B. Capital surplus

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Additional paid-in capital	$123,182	$173,322
Treasury share transactions	299,415	299,415
Other	6,535	6,604
Total	$429,132	$479,341

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues.
b. Offset prior year's operation losses.
c. Set aside 10% of the remaining amount after deducting items "a." and "b." as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The distribution of dividends may not be lower than 10% of distributable surplus annually. No dividend will be distributed if the accumulated distributable surplus is less 2% of the paid-in capital. In the case of distribution of dividends, the cash dividends should take precedence over share dividends, of which the cash dividend ratio shall not be less than 50% of the total dividends distributed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of IFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company's special reserve set aside for the first-time adoption of IFRS amounted NT$ 259,309 thousand as of December 31, 2021 and 2020. There is no change during the period.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 10, 2022 and August 25, 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$98,726	$59,792		
Common stock - cash dividend	$884,820	$539,740	$3.00	$1.83

The Company approved to distribute NT$50,140 thousand in capital surplus with NT$0.17 per share by stockholders' metting held on August 25, 2021.

Please refer to Note 6. (17) for details on employees' compensation and remuneration to directors.

D. Non-controlling interests

	For the years ended December 31	
	2021	2020
Beginning balance	$195,675	$214,384
Profit attributable to non-controlling interests	22,245	14,120
Other comprehensive income (loss), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(10,739)	(6,111)
Changes in non-controlling interests	(2,100)	(26,718)
Ending balance	$205,081	$195,675

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Operating revenue

	For the years ended December 31	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$6,993,729	$4,994,814
Rendering of services	111,405	75,746
Other operating revenue	2,039	2,083
Total	$7,107,173	$5,072,643

Analysis of revenue from contracts with customers during the period is as follows:

A. Disaggregation of revenue

For the year ended December 31, 2021:

	Fastener Dept.	Machine / Tooling Dept.	Other Dept.	Total
Sale of goods	$5,792,380	$550,442	$650,907	$6,993,729
Rendering of services	111,400	5	—	111,405
Other	—	—	2,039	2,039
Total	$5,903,780	$550,447	$652,946	$7,107,173
Timing of revenue recognition:				
At a point in time	$5,792,380	$550,442	$650,907	$6,993,729
Over time	111,400	5	2,039	113,444
Total	$5,903,780	$550,447	$652,946	$7,107,173

For the year ended December 31, 2020:

	Fastener Dept.	Machine / Tooling Dept.	Other Dept.	Total
Sale of goods	$4,386,935	$456,090	$151,789	$4,994,814
Rendering of services	75,686	60	—	75,746
Other	—	—	2,083	2,083
Sale of goods	$4,462,621	$456,150	$153,872	$5,072,643
Timing of revenue recognition:				
At a point in time	$4,386,935	$456,090	$151,789	$4,994,814
Over time	75,686	60	2,083	77,829
Total	$4,462,621	$456,150	$153,872	$5,072,643

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Sale of goods	$63,695	$32,414

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
The opening balance transferred to revenue	$21,453	$13,437
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$52,734	$22,268

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT$63,695 thousand and NT$32,414 thousand as at December 31, 2021 and 2020.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group will recognize revenue as the Group satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to fulfil a contract

None.

(15) Expected credit losses

	For the years ended December 31	
	2021	2020
Operating expenses - expected credit losses		
Notes receivable	$—	$—
Accounts receivable	1,487	294
Subtotal	1,487	294
Non-operating income and expenses - expected credit losses		
Financial assets measured at amortized cost	—	—
Total	$1,487	$294

Please refer to Note 12 for more details on credit risk.

The credit risk for the Group's financial assets measured at amortized cost is assessed as low as at December 31, 2021 and 2020. Considering all counterparties are the financial institutions with good credit rating, there is no need for the provision for expected credit losses.

The Group measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at December 31, 2021 and 2020 are as follows:

The Group considers the grouping of accounts receivable by counterparties' credit rating, which the Group evaluates specific groups of counterparties individually, the total book value of accounts receivable that are more than one year overdue is NT$14,394 thousand and NT$13,783 thousand, respectively, should be recognized 100% loss allowance, and the remaining is measured by using a provision matrix. Details are as follows:

As at December 31, 2021

	Not yet due (note)	Overdue <=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$998,319	$265,953	$30,685	$66	$489	$745	$1,296,257
Loss ratio	0%	0%	3%	0%	70%	100%	
Lifetime expected credit losses	—	—	(939)	—	(341)	(745)	(2,025)
Subtotal	$998,319	$265,953	$29,746	$66	$148	$—	$1,294,232
Carrying Amount							$1,294,232

As at December 31, 2020

	Not yet due (note)	Overdue <=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Totalc
Gross carrying amount	$1,052,499	$146,528	$6,414	$1,520	$2	$1,556	$1,208,519
Loss ratio	0%	0%	0%	24%	0%	60%	
Lifetime expected credit losses	—	—	—	(365)	—	(939)	(1,304)
Subtotal	$1,052,499	$146,528	$6,414	$1,155	$2	$617	$1,207,215
Carrying Amount							$1,207,215

Note: The Group's notes receivable are not overdue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The movement in the provision for impairment of notes receivable and accounts receivable during the years ended December 31 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
As at January 1, 2021	$－	$15,087
Addition for the current period	－	1,487
The effect of exchange rate changes	－	(155)
As at December 31, 2021	$－	$16,419
As at January 1, 2020	$－	$14,868
Addition	－	294
The effect of exchange rate changes	－	(75)
As at December 31, 2020	$－	$15,087

(16) Lease

A. Group as a lessee

The Group leases various properties, including building and facilities and office equipment. The lease terms range from 1 to 3 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:
Income and costs relating to leasing activities

	For the years ended December 31	
	2021	2020
The expenses relating to short-term leases	$1,152	$1,008
The expenses relating to leases of low-value assets	889	980
Total	$2,041	$1,988

(17) Summary statement of employee benefits, depreciation and amortization expenses by function are as follows:

By function / By feature	For the years ended December 31					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$965,305	146,344	$1,111,649	$759,643	130,669	$890,312
Labor and health insurance	$86,962	11,371	$98,333	$75,215	10,801	$86,016
Pension	$42,917	6,758	$49,675	$39,987	6,992	$46,979
Director's remuneration	$－	7,576	$7,576	$－	7,419	$7,419
Other employee benefits expense	$61,181	8,560	$69,741	$51,539	7,753	$59,292
Depreciation	$197,423	12,700	$210,123	$217,783	13,825	$231,608
Amortization	$8,884	63	$8,947	$8,978	173	$9,151

According to the Articles of Incorporation, no less than 1.5% of profit of the current year is distributable as employees' compensation and no more than 1% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Based on the profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2021 to be 1.5% of profit of the current year and 0% of profit of the current year, respectively, recognized as employee benefits expense. Differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors would be recognized in profit or loss of the subsequent year. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution.

A resolution was passed at a board of directors meeting held on March 10, 2022 to distribute NT$18,500 thousand and NT$0 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively. No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended December 31, 2021.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended December 31, 2020.

(18) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2021	2020
Financial assets measured at amortized cost	$4,406	$8,816

B. Other income

	For the years ended December 31	
	2021	2020
Other income - other	$37,402	$99,661

C. Other gains and losses

	For the years ended December 31	
	2021	2020
(Losses) Gains on disposal of property, plant and equipment	($12)	$130
Foreign exchange losses	(87,228)	(9,721)
Gains on financial assets / liabilities at fair value through profit or loss	78,749	5,004
Others	(296)	(277)
Total	($8,787)	($4,864)

D. Finance costs

	For the years ended December 31	
	2021	2020
Interest on borrowings from bank	($508)	($1,159)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Components of other comprehensive income

For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pession plans	$5,394	$—	$5,394	($1,079)	$4,315
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(25,508)	—	(25,508)	2,954	(22,554)
Total other comprehensive income (loss)	($20,114)	$—	($20,114)	$1,875	($18,239)

For the year ended December 31, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pession plans	($4,525)	$—	($4,525)	$905	($3,620)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(14,523)	—	(14,523)	1,682	(12,841)
Total other comprehensive income (loss)	($19,048)	$—	($19,048)	$2,587	($16,461)

(20) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2021	2020
Current income tax expense (income):		
Current income tax charge	$240,839	$141,032
Adjustments in respect of current income tax of prior periods	5,493	731
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	7,563	2,398
Other	3,182	—
Total income tax expense	$257,077	$144,161

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax relating to components of other comprehensive income (loss)

	For the years ended December 31	
	2021	2020
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	($2,954)	($1,682)
Remeasurements of defined benefit pession plans	1,079	(905)
Income tax relating to components of other comprehensive income (loss)	($1,875)	($2,587)

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2021	2020
Accounting profit before tax from continuing operations	$1,262,269	$759,817
The parent company's statutory income tax rate	$252,454	$151,963
Tax effect of revenues exempt from taxation	(27,129)	(17,024)
Tax effect of expenses not deductible for tax purposes	8	—
Tax effect of deferred tax assets / liabilities	(6,215)	689
Corporate income surtax on undistributed retained earnings	4	4,290
Tax effect of statutory rate difference in foreign jurisdiction	33,415	21,563
Adjustments in respect of current income tax of prior periods	5,493	731
Others	(953)	(18,051)
Total income tax expense recognized in profit or loss	$257,077	$144,161

C. Deferred tax assets / liabilities relate to the following:

	For the year ended December 31, 2021			
	Beginning balance as at Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2021
Temporary differences				
Allowance for inventory valuation losses	$26,713	($2,000)	$—	$24,713
Share of profit (loss) of subsidiaries recognized	(30,600)	2,713	—	(27,887)
Exchange differences on translation of foreign operations	10,491	—	2,954	13,445
Net defined benefit liabilities, non-current	26,098	(6,087)	(1,079)	18,932
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	4,109	(2,189)	—	1,920

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the year ended December 31, 2021			
	Beginning balance as at Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2021
Deferred tax (expense)		($7,563)	$1,875	
Net deferred tax assets / liabilities	($159,181)			($164,869)
Reflected in balance sheet as follows:				
Deferred tax assets	$71,002			$66,092
Deferred tax liabilities	($230,183)			($230,961)

	For the year ended December 31, 2020			
	Beginning balance as at Jan. 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2020
Temporary differences				
Allowance for inventory valuation losses	$24,513	$2,200	$—	$26,713
Share of profit (loss) of subsidiaries recognized	(27,373)	(3,227)	—	(30,600)
Exchange differences on translation of foreign operations	8,809	—	1,682	10,491
Net defined benefit liabilities, non-current	31,598	(6,405)	905	26,098
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	(925)	5,034	—	4,109
Deferred tax (expense)		($2,398)	$2,587	
Net deferred tax assets / liabilities	($159,370)			($159,181)
Reflected in balance sheet as follows:				
Deferred tax assets	$70,351			$71,002
Deferred tax liabilities	($229,721)			($230,183)

D. The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Subsidiary - San Shing Heat-Treating Co., Ltd.	Assessed and approved up to 2019
Subsidiary - Hexico Enterprise Co., Ltd.	Assessed and approved up to 2019
Subsidiary - Acku Metal Industries (M) SDN.BHD.	Filed up to 2020
Subsidiary - Yeh Chang Heat Treatment (M) SDN. BHD.	Filed up to 2020

(21) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2021	2020
A. Basic earnings per share		
Net income (in thousand NT$)	$982,947	$601,536
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Basic earnings per share (NT$)	$3.33	$2.04

	For the years ended December 31	
	2021	2020
B. Diluted earnings per share		
Net income (in thousand NT$)	$982,947	$601,536
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Effect of dilution:		
Employee compensation - stock (in thousands)	322	220
Weighted average number of ordinary shares outstanding after dilution (in thousands)	295,262	295,160
Diluted earnings per share (NT$)	$3.33	$2.04

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Taifas Corporation	Other related party (Director)
Interactive Corporation	Other related party
Sun Through Industrial Co., Ltd. (Sun Through)	Other related party
Masda Chemical SDN. BHD. (Masda)	Other related party
Kuan Meis Co., Ltd.	Other related party
Wonsan Steel Enterprises Ltd.	Other related party
Tainan San Shing Social Welfare and Charity Foundation	Other related party

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2021	2020
Other related party		
Interactive Corporation	$419,561	$112,422
Wonsan Steel Enterprises Ltd.	230,723	38,936
Taifas Corporation	118,806	75,584
Kuan Meis Co., Ltd.	848	601
Total	$769,938	$227,543

Sales to related parties are basically the same as those to third parites. The collection terms are opened sight letter of credit or net 30 days.

(2) Purchases

	2021	2020
Other related party		
Interactive Corporation	$29,338	$61
Sun Through	10,021	9,217
Masda	2,802	1,797
Total	$42,161	$11,075

Purchase from related parties was basically the same as those from third parties. The payment terms are after receipt of goods.

(3) Accounts receivable – related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Taifas Corporation	$7,681	$9,617
Wonsan Steel Enterprises Ltd.	973	—
Interactive Corporation	—	1,619
Total	$8,654	$11,236

(4) Accounts payable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Sun Through	$1,422	$791
Masda	732	528
Total	$2,154	$1,319

(5) Other payables - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Interactive Corporation	$1,111	$—

(6) Contract liabilities - current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Taifas Corporation	$911	$952

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Other non-current liabilities - guarantee deposits received

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Taifas Corporation	$3,039	$2,533
Kuan Meis Co., Ltd.	74	74
Total	$3,113	$2,607

(8) Property transactions

Acquisition of property, plant and equipment

	Purchase price	
	For the years ended December 31	
	2021	2020
Other related party		
Sun Through	$164	$153

The terms of property transactions with the related parties are mainly based on the results of market survey and the contract between the parties.

(9) Operating expenses - donations

	For the years ended December 31	
	2021	2020
Other related party		
Tainan San Shing Social Welfare and Charity Foundation	$5,000	$−

(10) Key management personnel compensation

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$23,153	$23,099

8. Assets pledged as collateral

The following table lists assets of the Group pledged as collateral:

	As at		
Items	Dec. 31, 2021	Dec. 31, 2020	Secured liabilities
Property, plant and equipment - land and buildings	$1,528,076	$1,537,378	Line of credit & Short-term loans
Financial assets measured at amortized cost	6,224	6,214	Import tariffs
Total	$1,534,300	$1,543,592	

9. Significant contingencies and unrecognized contract commitments

(1) As of December 31, 2021, outstanding letters of credit with unused credit line amounted JPY4,775 thousand and NTD114,016 thousand.

(2) The guaranteed note for purchasing the raw materials from China Steel Corporation amounted NT$92,000 thousand.

(3) The guaranteed note for borrowings from the financial instutions amounted NT$1,475,000 thousand.

(4) The guaranteed note for purchasing natural gas from Shin Nan Natural Gas Co., Ltd. amounted NT$250 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. Others

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through profit and loss:		
Mandatorily measured at fair value through profit or loss:	$27,357	$5,261
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,466,927	1,636,515
Financial assets measured at amortized cost	61,327	174,435
Notes receivable	7,793	9,577
Accounts receivable	1,286,439	1,197,638
Other receivables	33,514	20,437
Other non-current assets - refundable deposits	3,620	1,930
Subtotal	2,859,620	3,040,532
Total	$2,886,977	$3,045,793

Financial Liabilities

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortized cost:		
Short-term borrowings	$797	$23
Payables	859,209	670,347
Other non-current liabilities - guarantee deposits received	39,774	45,222
Subtotal	899,780	715,592
Financial liability at fair value through profit or loss:		
Held for trading	188	9,801
Total	$899,968	$725,393

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

A. When NTD strengthens / weakens against USD by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased / increased by NT$7,232 thousand and NT$5,641 thousand, respectively.

B. When NTD strengthens / weakens against EUR by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased / increased by NT$7,020 thousand and NT$7,013 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to increase / decrease by NT$1,527 thousand and NT$1,811 thousand, respectively.

Equity price risk

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021 and 2020, accounts receivable from top ten customers represented 46% and 53% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivable was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and accounts receivable, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates. The measurement indicators of the Group are described as follows:

			Total carrying amount as at	
Level of credit risk	Indicator	Measurement method for expected credit losses	Dec. 31, 2021	Dec. 31, 2020
Low credit risk	Debt instruments with credit rating above BBB and counterparty with good credit risk	12-month expected credit losses	$61,327	$174,435
Simplified approach (Note)	(Note)	Lifetime expected credit losses	$1,310,651	$1,222,302

Note: By using simplified approach loss allowance is measured at (lifetime expected credit losses), including notes receivable and accounts receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investments has increased, the Group will dispose that investments in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information (including the indicators such as industry growth rate) and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2021					
Loans	$797	—	—	—	$797
Payables	$859,209	—	—	—	$859,209
Guarantee deposits received	$—	39,774	—	—	$39,774

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2020					
Loans	$23	—	—	—	$23
Payables	$670,347	—	—	—	$670,347
Guarantee deposits received	$—	45,222	—	—	$45,222

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2021					
Inflows	$—	$—	$—	$—	$—
Outflows	—	—	—	—	—
Net	$—	$—	$—	$—	$—
As at Dec. 31, 2020					
Inflows	$—	$—	$—	$—	$—
Outflows	—	—	—	—	—
Net	$—	$—	$—	$—	$—

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities arising from financing activities
Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2021	$23	$45,222	$45,245
Cash flows	774	(5,448)	(4,674)
As of Dec. 31, 2021	$797	$39,774	$40,571

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2020	$171,261	$47,871	$219,132
Cash flows	(171,238)	(2,649)	(173,887)
As of Dec. 31, 2020	$23	$45,222	$45,245

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2021, and 2020 is as follows:

<u>Forward currency contracts</u>

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount		Contract Period
As at December 31, 2021			
Sell EUR / Buy NTD	EUR	20,980	2021.07.02～2022.06.28
Sell USD / Buy NTD	USD	17,100	2021.08.19～2022.05.05
Sell USD / Buy MYR	USD	600	2021.11.24～2022.05.27

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items (by contract)	Notional Amount		Contract Period
As at December 31, 2020			
Sell EUR / Buy NTD	EUR	14,800	2020.09.01～2021.07.01
Sell USD / Buy NTD	USD	12,710	2020.10.13～2021.04.29
Sell USD / Buy MYR	USD	180	2020.09.25～2021.03.05
Sell EUR / Buy MYR	EUR	190	2020.07.17～2021.05.25

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflows or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy:

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities:

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$－	27,357	－	$27,357
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$－	188	－	$188

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$−	5,261	−	$5,261
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$−	9,801	−	$9,801

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at December 31, 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$26,187	27.690	$725,122
EUR	$22,410	31.326	$702,027

	As at December 31, 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$20,013	28.508	$570,523
EUR	$20,274	34.590	$701,277

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's function currency is various, and hence is not able to disclose the information of exchange gains or losses by each significant assets and liabilities denominated in foreign currencies. The exchange losses of monetary financial assets and liabilities were (NT$87,228) thousand and (NT$9,721) thousand for the years ended December 31, 2021 and 2020, respectively

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. Additional disclousures
   (1) Information at significant transactions
      A. Financing provided to others for the year ended December 31, 2021: Please refer to Attachment 1.
      B. Endorsement / Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 2.
      C. Securities held as of December 31, 2021: Please refer to Attachment 3.
      D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
      E. Acquistion of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
      F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
      G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 4.
      H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: None.
      I. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in Mainland China): Please refer to Attachment 5.
      J. Financial instruments and derivative transactions: Please refer to Note 12.
      K. Other: Intercompany relationships and significant intercompany transactions: Please refer to Attachment 6.
   (2) Information on investments in mainland China: Not applicable.
   (3) Informan of major shareholders: Please refer to Attachment 7.
14. Segment information

For management purposes, the Group is organized into business units based on different products and services and has three reportable segments as follows:

(1) Fastener Segment: The segment focuses on manufacturing and marketing of bolts, nuts and washers, processing of wires and heat treatment.
(2) Machine / Tooling Segment：The segment focuses on manufacturing and marketing of toolings and machines.
(3) Other Operation Segment：The segment focuses on marketing of wires, investments and other financial income and expenditure, etc.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statement. However, group assets, liabilities and income taxes are managed on a group basis and are not allocated to operating segments.

The transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2021

	Fastener Dept.	Machine / Tooling Dept.	Other	Adjustment and Elimination	Consolidated
Revenue					
External customer	$5,903,780	$550,447	$652,946	$—	$7,107,173
Inter-segment (Note)	348	330,977	155,782	(487,107)	—
Total revenue	$5,904,128	$881,424	$808,728	($487,107)	$7,107,173
Segment profit	$970,547	$103,686	$188,036	$—	$1,262,269

For the year ended December 31, 2020

	Fastener Dept.	Machine / Tooling Dept.	Other	Adjustment and Elimination	Consolidated
Revenue					
External customer	$4,462,621	$456,150	$153,872	$—	$5,072,643
Inter-segment (Note)	177	267,313	120,673	(388,163)	—
Total revenue	$4,462,798	$723,463	$274,545	($388,163)	$5,072,643
Segment profit	$556,508	$81,595	$121,714	$—	$759,817

Note: Inter-segment revenue are eliminated on consolidation and recorded under the "adjustment and elimination" column.

(2) Geographical information:

A. Sales to other than consolidated entities

	For the years ended December 31	
	2021	2020
U.S.A.	$1,934,819	$1,272,033
Germany	1,806,455	1,475,632
Taiwan	1,209,359	603,278
Others	2,156,540	1,721,700
Total	$7,107,173	$5,072,643

B. Non-current assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Taiwan	$3,048,694	$3,159,751
Others	66,893	61,323
Total	$3,115,587	$3,221,074

(3) Major customers

Individual customer's revenue exceeding 10% of the Group's operating revenues for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31			
	2021		2020	
Customers	Amounts	Percentage	Amounts	Percentage
E1	$887,861	12%	$777,710	15%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 1

Financing provided to others:

No. (Note 1)	Financing Company	Counter-party	Financial statement account (Note 2)	Related party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Amount actually drawn	Interest rate	Nature of financing (Note 4)	Transaction amounts (Note 5)	Reason for financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 7)	Limit of total financing amount (Note 7)
													Item	Value		
1	Acku Metal Industries (M) SDN. BHD.	Jiwei Industries (M) SDN. BHD.	Other receivables - related parties	Yes	$9,771	—	$9,771	—	1	— (Note 9)	—	$9,771	—	—	—	$666,746

Note 1: The Company and its subsidiaries are coded as follows:

1.The Company is coded “0”.

2.The subsidiaries are coded from “1” in the order.

Note 2：Receivables from affiliates and related parties, shareholder transactions, prepayments and temporary payments etc. are required to be disclosed in this field if they are financings provided to others.

Note 3：The maximum balance of financing provided to others for the year ended December 31, 2021.

Note 4：Nature of financing are coded as follows：

(1) Business transaction is coded “1”.

(2) Short-term financing is coded “2”.

Note 5：Total amount of the business transactions between financing company and counter-party should be disclosed herein if the financing occurred due to business transaction.

Note 6：The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing, such as loan repayment, equipment acquistion or operating capital.

Note 7: Limit of financing amount for individual counter-party is 50% of the business transaction amount of the previous year while limit of total financing amount is 10% of the parent company’s net worth in Acku Metal Industries (M) SDN. BHD.

Note 8: According to Paragraph 1, Article 14 of Regulations Governing Loaning of Funds and Making Endorsements / Guarantees by Public Companies, resolve each individual lending at the board meetings, the amounts resolved shall be the publicly-annouced balance to disclose the risk taken; however, if any repayment is made subsequently, the outstanding balance after such repayment shall be disclosed to reflect the risk adjusted in Acku Metal Industries (M) SDN. BHD.

Note 9: Before SAN SHING FASTECH CORP. (“San Shing”) purchased shares of Acku Metal Industries (M) SDN. BHD. (“Acku”), Acku provided a loan to Jiwei Industries (M) SDN. BHD. (“Jiwei”) for business transaction. San Shing has assessed the condition that Acku is no longer significant to Jiwei in term of control and influence. A 100% impairment loss has been included in the purchase consideration. There was no business transaction amount for the year ended December 31, 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

Endorsement / Guarantee provided to others for the year ended December 31, 2021:

No. (Note 1)	Endorsor / Guarantor	Receiving party		Limit of guarantee / endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided	Amount of collateral guarantee / endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee / endorsement amount (Note 3)	Parent company endorsed / guarantee for the subsidiaries (Note 7)	Subsidiaries endorsed / guarantee for the parent company (Note 7)	Endorsement or guarantee for entities in China (Note 7)
		Company name	Relationship (Note 2)										
0	SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	2	$1,333,493	$142,655 (USD 5,000)	$138,450 (USD 5,000)	$-	$-	2.08%	$3,333,732	Y	N	N

Note 1: The parent company and its subsidiaries are filled as follows:

1. The parent company is coded “0”.

2. The investees are coded from consecutively beginning from “1” in the order presented in the table above.

Note 2: Relationship between the endorser / guarantor and party being endorsed/guaranteed is classified into the following seven categories:

1. A company with which it does business.

2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.

3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

4. A company in which the public company holds, directly or indirectly, 50% or more of the voting shares.

5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

6. A company that all capital contributing shareholders make endorsements/ guarant

7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: For a company which SAN SHING FASTECH CORP. directly and indirectly holds more than 50% of the voting shares and the limit of endorsement/guarantee is 20% of parent company's equity, its limit of total guarantee/endorsement amount is 50% of parent company's equity.

Note 4: Maximum balance of endorsement / guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed / guaranteed company within the limit of endorsement / guarantee amount.

Note 7: It should be filled in “Y”, if it is the public parent company endorsed / guaranteed for the subsidiaries, subsidiaries endorsed / guaranteed for the public parent company, or endorsement or guarantee for entities in China.

Attachment 3

Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities) :

Name of held company	Type and name of marketable securities (Note 1)	Relationship with the Company (Note 2)	Financial statement account	December 31, 2021				Note 4
				Shares (In Thousands)	Carrying amount (Note 3)	Percentage of ownership	Market value	
Acku Metal Industries (M) SDN. BHD.	Jiwei Industries (M) SDN. BHD.	Other related party	Financial assets at fair value through profit or loss, non-current	1,275	$-	51.00%	$-	(Note 5)

Note 1: Marketable securities refer to stocks, bonds, beneficiary cerificates and other related derivative securities within the scope of IFRS 9 "Financial Instruments."

Note 2: If the issuer of marketable securities is non-related party, this column is not required.

Note 3: If the marketable securities measured at fair value, please fill in the amount with adjusted at fair value less accumulated impairment;

If not, please fill in the amount with the original acquisition cost or amortized cost less accumulated impairment.

Note 4: Securities with restrictions because of being provided for security, as pledge or under other covenants should state the number of shares or the amount provided for security or pledge and the restriction terms.

Note 5: Please refer to Note 9 in attachment 1.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 4

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2021:

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Remark (Note 2)
			Sales (Purchases)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payables)	
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	Subsidiary	Sales	$160,350	2%	Wire rod: 1～2 months Machinery, toolings and nuts: 3～4 months	—	—	Notes receivable $3,245 Accounts receivable $21,938	3% 2%	Note 4
			Purchases	$235,086	5%	4 months, the purchase of WIP and finished goods: 15 days for payment term	—	—	Notes payable $50,061 Accounts payable $11,286	12% 6%	
SAN SHING FASTECH CORP.	Interactive Corporation	Other related party	Sales	$419,561	6%	Sight letter of credit	—	—	Accounts receivable $—	—	
SAN SHING FASTECH CORP.	Wonsan Steel Enterprises Ltd.	Other related party	Sales	$230,723	3%	Sight letter of credit	—	—	Accounts receivable $973	—	
SAN SHING FASTECH CORP.	Taifas Corporation	Other related party	Sales	$118,806	2%	Payment term: 30 days	—	—	Accounts receivable $7,681	1%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT$10,
the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

Note 4: It has been written off when preparing the consolidated financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 5

Names, locations and related information of investee companies as of December 31, 2021 (Not including investment in China):

Investor company	Investee company (Note 1,2)	Address	Main businesses and products	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company Note 2(2)	Investment income (loss) recognized Note 2(3)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
SAN SHING FASTECH CORP.	San Shing Heat-Treating Co., Ltd.	No. 355-2, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Heat treatment processing business of bolts, nuts, toolings, etc.	$20,095	$20,095	2,200,000	100.00%	$103,003	$56,290	$56,360	(Note 3&4)
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	No. 355-3, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Manufacturing, processing, import and export trading of metal washers, steel wires	$213,750	$213,750	19,950,000	95.00%	$490,676	$83,532	$79,356	(Note 3)
SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	Lot. 2937, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Butterworth, Penang, Malaysia.	Production and sale of bolts	$120,717	$120,717	9,680,000	57.90%	$198,652	$32,888	$19,042	(Note 3)
Acku Metal Industries (M) SDN. BHD.	Yeh Chang Heat Treatment (M) SDN. BHD.	Lot. 2959, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Seberang, Perai Utara, Malaysia.	Heat treatment processing business of metal products	$12,176	$12,176	1,275,000	51.00%	$30,061	$8,618	$4,395	(Note 3)

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

(1) Column of "Investee company", "Address", "Main businesses and products", "Initial investment" and "Investment as of December 31, 2021" should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.

(2) The amount of net income (loss) of investee company should be filled in "Net income (loss) of investee company" column.

(3) In column "Investment income (loss) recognized" only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the "recognition of the current profit and loss amount of each subsidiary for direct reinvestment", it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: It has been written off when preparing the consolidated financial statements.

Note 4: Unrealized profit or loss from affiliated company is included.

Attachment 6

Intercompany relationships and significant intercompany transactions for the year ended December 31, 2021:

No. (Note 1)	Company name	Counter-party	Relationship (Note 2)	Intercompany Transactions			
				Financial statement account	Amount	Term	Percentage of consolidated total operating revenues or total assets (Note 3)
0	SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	1	Sales	$160,350	Wire rod: 1～2 months; Machinery, toolings and nuts: 3～4 months The collection term is the same as policy term.	2%
0	SAN SHING FASTECH CORP.	San Shing Heat-Treating Co., Ltd.	1	Processing fee	$171,827	－	2%
1	Hexico Enterprise Co., Ltd.	SAN SHING FASTECH CORP.	2	Sales	$235,086	4 months, the purchase of WIP and finished goods: 15 days for payment term The payment term is the same as policy term.	3%

Note 1: The parent company and its subsidiaries are coded as follows:

1. The Company is coded “0”.
2. The subsidiaries are coded from “1” in the order.

Note 2: Transactions are categorized as follows: (If it is the same transaction between parent company and subsidiary or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between parent company and subsidiary, the subsidiary does not need to be disclosed repeatedly; if the transaction between subsidiary and subsidiary has been disclosed by one of its subsidiaries, the other subsidiary does not need to be disclosed repeatedly.)

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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

Note 4: The significant transactions in this table should be determined by the Company based on the principle of materiality.

Note 5: If the transaction amount between parent and subsidiary reaches 100 million and above, it should be disclosed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 7

Information of major shareholders:

Name	Stock	
	Number of shares	Percentage of ownership
Hong Sheng Investment Corp.	53,147,327	18.01%
Hon Ching Investment Corp.	41,489,912	14.06%
Hon Ping Investment Corp.	37,435,880	12.69%
Pearl Investment Ltd.	21,012,396	7.12%
Taifas Corporation	19,483,733	6.60%
Yu Shun Investment Ltd.	18,400,000	6.23%

V. 2021 Standalone Financial Statements

Independent Auditors' Report

To San Shing Fastech Corp.

Opinion

We have audited the accompanying parent company only balance sheets of San Shing Fastech Corp. ("the Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of 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 Parent Company only 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Loss Allowance of Accounts receivable

   As of December 31, 2021, the Company's net accounts receivable amounted to NT$1,140,863 thousand, representing 14% of the parent company only total assets which is significant for the financial statements. Since the loss allowance of accounts receivable is measured by the expected credit loss for the duration of the accounts receivable, the measurement of expected credit loss involves making judgement, analysis and estimates, and the result will affect net accounts receivable. Therefore, we considered this a key audit matter.
   Our audit procedures included, but are not limited to, assessing the appropriateness of expected credit loss for accounts receivable; understanding and testing the effectiveness of the internal control over accounts receivable collection established by management; sampling customers to perform confirmation and reviewing the collection in subsequent period to evaluate recoverability; testing the accuracy of aging and analyzing changes in aging to assess reasonableness; testing the relevant statistical information of loss rate calculated by rolling rate; considering the rationality of the prospective information and assessing the appropriateness of expected credit loss. Please refer to Note 5 and 6 in notes to the parent company only financial statements.

2. Inventory Valuation

As of December 31, 2021, the Company's net inventories amounted to NT$1,982,358 thousand, representing 25% of the parent company only total assets which is significant for the financial statements. Due to a high degree of customization for main finished goods and work in progress, obsolete and slow-moving inventory valuation requires significant judgement of management. Therefore, we considered this a key audit matter.
Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal control over inventory valuation which includes management of the inventory aging; evaluating the appropriateness of accounting policies for obsolete and slow-moving inventory; evaluating the physical inventory stock take plan provided by the management and choosing the significant location to perform the observation and inspect the status for any write-downs or write-offs of inventory; testing the correctness of aging intervals in inventory aging schedule and the appropriateness of the movement and assessing the inventory reserve percentage to confirm the reasonableness of management's determination of the provisions to reduce the valuation of inventory to net realizable value. Please refer to Note 5 and 6 in notes to the parent company only financial statements.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, 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 audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 the parent company only financial statements.

As part of an audit in accordance with 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 parent company only 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only 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 auditor's 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 parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

/s/ Chen, Cheng-Chu

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

March 10, 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations 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 review such parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	4/6.(1)	$1,088,098	14	$1,321,230	18
Financial assets at fair value through profit or loss, current	4/6.(2)	27,190	-	5,064	-
Financial assets measured at amortized cost, current	4/6.(3)	-	-	3,901	-
Notes receivable, net	4/6.(4)&(14)	3,494	-	3,947	-
Notes receivable - related parties, net	4/6.(4)&(14)/7	6,262	-	2,902	-
Accounts receivable, net	4/6.(5)&(14)	1,110,271	14	1,073,159	15
Accounts receivable - related parties, net	4/6.(5)&(14)/7	30,592	-	22,143	-
Other receivables		32,675	-	20,384	-
Other receivables - related parties	7	1,389	-	33,662	-
Inventories, net	4/6.(6)	1,982,358	25	1,088,066	15
Prepayments		5,507	-	19,011	-
Total current assets		4,287,836	53	3,593,469	48
Non-current assets					
Financial assets measured at amortised cost, non-current	4/6.(3)/8	34,542	-	6,214	-
Investments accounted for using the equity method	4/6.(7)	792,331	10	732,872	10
Property, plant and equipment	4/6.(8)/8	2,913,391	36	3,010,310	41
Intangible assets	4/6.(9)	-	-	63	-
Deferred tax assets	4/6.(19)	63,410	1	68,059	1
Other non-current assets		10,849	-	26,777	-
Total non-current assets		3,814,523	47	3,844,295	52
Total assets		$8,102,359	100	$7,437,764	100

Liabilities and Equity	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Financial liabilities at fair value through profit or loss, current	4/6.(10)	$188	-	$9,754	-
Contract liabilities, current	4/6.(13)/7	58,108	1	28,068	-
Notes payable		269,211	4	131,459	2
Notes payable - related parties	7	90,871	1	48,644	-
Accounts payable		102,114	1	107,981	2
Accounts payable - related parties	7	23,578	-	34,014	-
Other payables		336,301	4	285,590	4
Other payables - related parties	7	1,169	-	81	-
Current tax liabilities	4	193,620	2	111,374	2
Other current liabilities		1,327	-	932	-
Total current liabilities		1,076,487	13	757,897	10
Non-current liabilities					
Deferred tax liabilities	4/6.(19)	229,317	3	228,585	3
Other non-current liabilities	7	39,795	-	45,287	-
Net defined benefit liabilities, non-current	4/6.(11)	89,296	1	124,029	2
Total non-current liabilities		358,408	4	397,901	5
Total liabilities		1,434,895	17	1,155,798	15
Equity	4/6.(12)				
Capital					
Common stock		2,949,401	37	2,949,401	40
Additional paid-in capital		429,132	5	479,341	6
Retained earnings					
Legal reserve		1,271,053	16	1,211,261	16
Special reserve		259,309	3	259,309	4
Unappropriated earnings		1,812,351	22	1,424,621	19
Total retained earnings		3,342,713	41	2,895,191	39
Other components of equity		(53,782)	-	(41,967)	-
Total equity		6,667,464	83	6,281,966	85
Total liabilities and equity		$8,102,359	100	$7,437,764	100

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the years ended December 31			
		2021	%	2020	%
Operating revenues	4/6.(13)/7	$6,396,299	100	$4,511,457	100
Operating costs	4/6.(6)&(15)&(16)/7	(4,947,270)	(77)	(3,674,658)	(81)
Gross profit		1,449,029	23	836,799	19
Unrealized gross profit on sales		(6,093)	-	(6,161)	-
Realized gross profit on sales		6,161	-	5,690	-
Gross profit, net		1,449,097	23	836,328	19
Operating expenses	4/6.(15)&(16)				
Sales and marketing expenses		(256,443)	(4)	(155,383)	(3)
General and administrative expenses		(132,685)	(2)	(124,292)	(3)
Research and development expenses		(44,257)	(1)	(27,216)	(1)
Expected credit losses	6.(14)	(1,487)	-	-	-
Subtotal		(434,872)	(7)	(306,891)	(7)
Operating income		1,014,225	16	529,437	12
Non-operating income and expenses	4/6.(17)				
Interest income		1,352	-	2,407	-
Other income		37,124	-	90,631	2
Other gains and losses		(14,835)	-	(5,175)	-
Finance costs		(8)	-	(560)	-
Investment income or loss from investments accounted for using equity method	6.(7)	154,758	2	99,237	2
Subtotal		178,391	2	186,540	4
Income from continuing operations before income tax		1,192,616	18	715,977	16
Income tax expense	4/6.(19)	(209,669)	(3)	(114,441)	(3)
Profit from continuing operations		982,947	15	601,536	13
Net income		982,947	15	601,536	13
Other comprehensive income (loss)	6.(18)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans		5,394	-	(4,525)	-
Income tax related to items that will not be reclassified subsequently		(1,079)	-	905	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(14,769)	-	(8,412)	-
Income tax related to items that may be reclassified subsequently		2,954	-	1,682	-
Total other comprehensive income (loss), net of tax		(7,500)	-	(10,350)	-
Total comprehensive income		$975,447	15	$591,186	13
Earnings per share (NTD)	6.(20)				
Earnings per share-Basic		$3.33		$2.04	
Earnings per share-Diluted		$3.33		$2.04	

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Components of Equity	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	
Balance as of January 1, 2020	$2,949,401	$479,270	$1,130,975	$259,309	$1,496,871	($35,237)	$6,280,589
Appropriation and distribution of 2019 retained earnings							
Legal reserve	-	-	80,286	-	(80,286)	-	-
Cash dividends	-	-	-	-	(589,880)	-	(589,880)
Other changes in capital surplus	-	71	-	-	-	-	71
Net income for the year ended December 31, 2020	-	-	-	-	601,536	-	601,536
Other comprehensive income (loss), net of tax for the year ended December 31, 2020	-	-	-	-	(3,620)	(6,730)	(10,350)
Total comprehensive income (loss)	-	-	-	-	597,916	(6,730)	591,186
Balance as of December 31, 2020	$2,949,401	$479,341	$1,211,261	$259,309	$1,424,621	($41,967)	$6,281,966
Balance as of January 1, 2021	$2,949,401	$479,341	$1,211,261	$259,309	$1,424,621	($41,967)	$6,281,966
Appropriation and distribution of 2020 retained earnings							
Legal reserve	-	-	59,792	-	(59,792)	-	-
Cash dividends	-	(50,140)	-	-	(539,740)	-	(589,880)
Other changes in capital surplus	-	(69)	-	-	-	-	(69)
Net income for the year ended December 31, 2021	-	-	-	-	982,947	-	982,947
Other comprehensive income (loss), net of tax for the year ended December 31, 2021	-	-	-	-	4,315	(11,815)	(7,500)
Total comprehensive income (loss)	-	-	-	-	987,262	(11,815)	975,447
Balance as of December 31, 2021	$2,949,401	$429,132	$1,271,053	$259,309	$1,812,351	($53,782)	$6,667,464

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31		Accounting	For the years ended December 31	
	2021	2020		2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$1,192,616	$715,977	Acquisition of financial assets measured at amortized cost	(24,427)	(3,912)
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Acquisition of property, plant and equipment	(76,374)	(35,868)
Depreciation	196,519	217,606	Proceeds from disposal of property, plant and equipment	-	130
Amortization	63	173	Increase in other non-current assets	(7,306)	(25,030)
Expected credit losses	1,487	-	Interest received	1,352	2,407
Net gain of financial assets and liabilities at fair value through profit or loss	(78,026)	(3,648)	Dividends received	113,210	102,067
Interest expense	8	560	Net cash provided by investing activities	6,455	39,794
Interest income	(1,352)	(2,407)			
Investment income from investments accounted for using equity method	(154,758)	(99,237)			
Losses (Gains) on disposal and abandonment of property, plant and equipment	8	(130)	Cash flows from financing activities:		
Others	(10,068)	11,471	Decrease in short-term loans	-	(168,745)
Changes in operating assets and liabilities:			Decrease in other non-current liabilities	(5,492)	(2,633)
Mandatorily financial assets at fair value through profit or loss	46,334	10,976	Cash dividends	(589,880)	(589,880)
Notes receivable	453	5,227	Interest paid	(8)	(866)
Notes receivable - related parties	(3,360)	9,531	Others	(69)	71
Accounts receivable	(38,599)	(27,070)	Net cash used in financing activities	(595,449)	(762,053)
Accounts receivable - related parties	(8,449)	3,097			
Other receivables	(12,291)	3,192			
Other receivables - related parties	(339)	(35)			
Inventories	(884,292)	284,438			
Prepayments	13,504	3,109			
Contract liabilities	30,040	4,943			
Notes payable	137,752	(8,156)			
Notes payable - related parties	42,227	(3,728)			
Accounts payable	(5,867)	5,250			
Accounts payable - related parties	(10,436)	8,278			
Other payables	50,711	(26,783)			
Other payables - related parties	1,088	(1,033)			
Other current liabilities	395	(33)			
Net defined benefit liabilities	(29,339)	(30,960)			
Cash generated from operations	476,029	1,080,608	Net (decrease) increase in cash and cash equivalents	(233,132)	318,207
Income tax paid	(120,167)	(40,142)	Cash and cash equivalents at beginning of period	1,321,230	1,003,023
Net cash provided by operating activities	355,862	1,040,466	Cash and cash equivalents at end of period	$1,088,098	$1,321,230

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

SAN SHING FASTECH CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SAN SHING FASTECH CORP. ("the Company") was incorporated in 1965. The main activities of the Company includes manufacturing, processing, marketing and export business of bolts, nuts, steel wires and related machinery, machinery parts, tools. The Company's common shares were publicly listed on Taipei Exchange (TPEx) on January 17, 1998 and started to list on Taiwan Stock Exchange Corporation (TWSE) on September 16, 2011.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 10, 2022.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

a. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

b. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

d. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2022 have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Comany as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
D	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
E	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
F	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

The Company will apply for standards or interpretations issued by IASB but not yet endorsed by FSC in future periods and the potential impacts arising from the adoption on the Company's financial statements are summarized as follows:

A. IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

C. Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

D. Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

E. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Company is currently evaluating the potential impact of the aforementioned standards and interpretations to the Company's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

4. <u>Summary of significant accounting policies</u>

(1) Statement of compliance

The parent company only financial statements for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owner's equity presented in the parent company only financial reports will be same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity methods" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD).

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Company holds the asset primarily for the purpose of trading
C. The Company expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.
The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:
a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

<u>Financial asset measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:
a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:
a. The rights to receive cash flows from the asset have expired
b. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials – Purchase cost on a weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Company's investment in subsidiaries is expressed as "investment by equity method" in accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, with necessary evaluation and adjustment made to ensure that the current profit and loss and other comprehensive income of parent company only financial reports are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial reports prepared on the basis of consolidation, and the owner's equity of parent company only financial reports is the same as that in the financial reports prepared on the basis of consolidation. These adjustments are mainly based on the consideration of the treatment of the consolidated financial statements of the investee subsidiaries in accordance with IFRS 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits are made to the "investment by equity method," "share of profit and loss of subsidiaries, affiliated enterprises and joint ventures by equity method" or "share of other comprehensive income of subsidiaries, affiliated enterprises and joint ventures by equity method."
The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.
Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.
When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.
When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10～35 years
Machinery and equipment	6～10 years
Transportation equipment	5～10 years
Other equipment	5～9 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.
The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
C. amounts expected to be payable by the lessee under residual value guarantees
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Other intangible assets
Useful lives	Finite (5 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is fastener products and revenue is recognized based on the consideration stated in the contract. For part sales of goods transactions, they accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

<u>Rendering of services</u>

The Company provides services of pre- and post-production of fasteners. The determination of price is different depending on the content of the services: negotiation and quotation basis. As the Company provides wire pickling, wire drawing, heat treatment, surface treatment and testing based on agreements with clients, clients send payment after passing final acceptance and obtaining benefits. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized after clients' acceptance.

Most of the contractual considerations of the Company are collected evenly throughout the contract period. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and

B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities 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.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Accounts receivable – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivable is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Cash on hand & demand deposits	$788,098	$571,590
Investments in bonds with resale agreements	300,000	749,640
Total	$1,088,098	$1,321,230

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

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Mandatorily measured at fair value through profit or loss:		
Forward foreign exchange contracts	$27,190	$5,064

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Time deposits	$34,542	$10,115
Current	$—	$3,901
Non-current	34,542	6,214
Total	$34,542	$10,115

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6. (14) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes receivable and Notes receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$3,494	$3,947
Less: loss allowance	—	—
Subtotal	3,494	3,947
Notes receivable - related parties	6,262	2,902
Less: loss allowance	—	—
Subtotal	6,262	2,902
Total	$9,756	$6,849

Notes receivable were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6. (14) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable and accounts receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable	$1,121,461	$1,082,862
Less: loss allowance	(11,190)	(9,703)
Subtotal	1,110,271	1,073,159
Accounts receivable - related parties	30,592	22,143
Less: loss allowance	—	—
Subtotal	30,592	22,143
Total	$1,140,863	$1,095,302

Accounts receivable were not pledged.

The Company signed insurance contracts of accounts receivable with the financial institution and the insurance company for specific accounts receivable, the insured amount of accounts receivable are NT$0 thousand and NT$496,533 thousand for the years ended December 31, 2021 and 2020, respectively.

Accounts receivable are generally on 30～90 day terms. The total carrying amount for the years ended December 31, 2021 and 2020are NT$1,152,053 thousand and NT$1,105,005 thousand, respectively. Please refer to Note 6. (14) for more details on loss allowance of accounts receivable for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Raw materials	$642,428	$197,099
Supplies	229,428	216,001
Work in progress	548,695	412,769
Finished goods	561,807	262,197
Total	$1,982,358	$1,088,066

The cost of inventories recognized in expenses amounts to NT$4,947,270 thousand for the year ended December 31, 2021, including the reversal of write-down of inventories of NT$10,000 thousand. The reversal is due to a decrease in allowance for inventory valuation losses from price recovery of inventories with allowance for inventory valuation losses at beginning of period, inventories sold or inventories used.

The cost of inventories recognized in expenses amounts to NT$3,674,658 thousand for the year ended December 31, 2020, including the write-down of inventories of NT$11,000 thousand.

The aforementioned inventories were not pledged.

(7) Investments accounted for using the equity method

	As at			
	Dec. 31, 2021		Dec. 31, 2020	
Investees	Carrying amounts	Percentage of ownership (%)	Carrying amounts	Percentage of ownership (%)
Investments in subsidiaries:				
San Shing Heat-Treating Co., Ltd.	$103,003	100.00%	$87,342	100.00%
Hexico Enterprise Co., Ltd.	490,676	95.00%	451,151	95.00%
Acku Metal Industries (M) SDN. BHD.	198,652	57.90%	194,379	57.90%
Subtotal	$792,331		$732,872	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The summarized financial information of the investment in the subsidiaries is as follows:

	For the years ended December 31	
	2021	2020
Profit or loss from continuing operations	$154,758	$99,237
Other comprehensive income (post-tax)	—	—
Total comprehensive income	$154,758	$99,237

The subsidiaries had no contingent liabilities or capital commitments as at December 31, 2021 and 2020.

(8) Property, plant and equipment

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Owner occupied property, plant and equipment	$2,913,391	$3,010,310

	Land	Buildings and facilities	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2021	$1,973,763	$1,486,059	$3,000,642	$156,295	$247,483	$4,864	$6,869,106
Additions	—	2,326	30,464	2,087	4,407	37,090	76,374
Disposals	—	—	(18,428)	(5,922)	(149)	—	(24,499)
Transfers	—	—	40,402	—	1,012	(18,180)	23,234
As at Dec. 31, 2021	$1,973,763	$1,488,385	$3,053,080	$152,460	$252,753	$23,774	$6,944,215
As at Jan. 1, 2020	$1,973,763	$1,483,338	$2,987,207	$155,732	$233,750	$2,977	$6,836,767
Additions	—	2,721	23,807	2,674	2,777	3,889	35,868
Disposals	—	—	(13,799)	(2,111)	(870)	—	(16,780)
Transfers	—	—	3,427	—	11,826	(2,002)	13,251
As at Dec. 31, 2020	$1,973,763	$1,486,059	$3,000,642	$156,295	$247,483	$4,864	$6,869,106
Depreciation and impairment:							
As at Jan. 1, 2021	$—	($933,543)	($2,580,250)	($149,662)	($195,341)	$—	($3,858,796)
Depreciation	—	(40,547)	(138,043)	(3,201)	(14,728)	—	(196,519)
Disposals	—	—	18,428	5,914	149	—	24,491
As at Dec. 31, 2021	$—	($974,090)	($2,699,865)	($146,949)	($209,920)	$—	($4,030,824)
As at Jan. 1, 2020	$—	($886,780)	($2,443,640)	($146,602)	($180,948)	$—	($3,657,970)
Depreciation	—	(46,763)	(150,409)	(5,171)	(15,263)	—	(217,606)
Disposals	—	—	13,799	2,111	870	—	16,780
As at Dec. 31, 2020	$—	($933,543)	($2,580,250)	($149,662)	($195,341)	$—	($3,858,796)
Net carrying amount							
As at Dec. 31, 2021	$1,973,763	$514,295	$353,215	$5,511	$42,833	$23,774	$2,913,391
As at Dec. 31, 2020	$1,973,763	$552,516	$420,392	$6,633	$52,142	$4,864	$3,010,310

Property, plant and equipment – Due to the land included agricultural-used land adjacent to the factory, the registration of land is unable to be transferred to the Company's own title until the conditions to apply for the certificate of industrial-used land are fulfilled. The

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company holds a lien on the land in order to preserve ownership of the asset.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Intangible assets

	Expertise capitalized	Other intangible assets	Total
Cost:			
As at 1 Jan. 2021	$4,456	$3,843	$8,299
Addition-acquired separately	—	—	—
Derecognition	—	—	—
As at Dec. 31, 2021	$4,456	$3,843	$8,299
As at Jan. 1, 2020	$4,456	$3,843	$8,299
Addition-acquired separately	—	—	—
Derecognition	—	—	—
As at Dec. 31, 2020	$4,456	$3,843	$8,299
Amortization and impairment:			
As at 1 Jan. 2021	($4,456)	($3,780)	($8,236)
Amortization	—	(63)	(63)
Derecognition	—	—	—
As at Dec. 31, 2021	($4,456)	($3,843)	($8,299)
As at Jan. 1, 2020	($4,456)	($3,607)	($8,063)
Amortization	—	(173)	(173)
Derecognition	—	—	—
As at Dec. 31, 2020	($4,456)	($3,780)	($8,236)
Net carrying amount as at:			
As at Dec. 31, 2021	$—	$—	$—
As at Dec. 31, 2020	$—	$63	$63

Amortization expense of intangible assets under the statement of comprehensive income.

	For the years ended December 31	
	2021	2020
Operating costs	$—	$—
Operating expenses	$63	$173

(10) Financial liabilities at fair value through profit or loss, current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Held for trading:		
Forward foreign exchange contracts	$188	$9,754

(11) Post-employment benefits plan

Defined contribution plan

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. For the defined contribution plan, the Company will make monthly contributions of no less than 6% of the monthly wages of the employees. The Company has made monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts subject to the plan.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT$39,242 thousand and NT$35,830 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 9% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk.

With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.

The Company expects to contribute NT$949 thousand to its defined benefit plan during the twelve months beginning after December 31, 2021.

The average duration of the defined benefits plan obligation as at December 31, 2021 and 2020 will expire in 17 years and 18 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020 :

	For the years ended December 31	
	2021	2020
Current period service costs	$703	$1,084
Net interest expense of net defined benefit liability (asset)	546	1,264
Total	$1,249	$2,348

Changes in the defined benefit obligation and fair value of plan assets are as follows :

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Present value of the defined benefit obligation	$122,124	$167,324
Plan assets at fair value	(32,828)	(43,295)
Other non-current liabilities - accrued pension liabilities recognized on the balance sheets	$89,296	$124,029

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liability (asset) of the defined benefit plan are as follows:

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liability (asset)
As at Jan. 1, 2021	$167,324	($43,295)	$124,029
Current period service costs	703	—	703
Net interest expense (income)	736	(190)	546
Subtotal	168,763	(43,485)	125,278
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	459	—	459
Actuarial gains and losses arising from changes in financial assumptions	961	—	961
Experience adjustments	(6,027)	—	(6,027)
Remeasurements of benefit assets	—	(787)	(787)
Subtotal	(4,607)	(787)	(5,394)
Payments from the plan	(42,032)	42,032	—
Contributions by employer	—	(30,588)	(30,588)
As at Dec. 31, 2021	$122,124	($32,828)	$89,296
As at Jan. 1, 2020	$204,482	($54,018)	$150,464
Current period service costs	1,084	—	1,084
Net interest expense (income)	1,718	(454)	1,264
Subtotal	207,284	(54,472)	152,812
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	474	—	474
Actuarial gains and losses arising from changes in financial assumptions	11,26	—	11,261
Experience adjustments	(5,270	—	(5,270)
Remeasurements of benefit assets	—	(1,940)	(1,940)
Subtotal	6,465	(1,940)	4,525
Payments from the plan	(46,425	46,425	—
Contributions by employer	—	(33,308)	(33,308)
As at Dec. 31, 2020	$167,324	($43,295)	$124,029

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Discount rate	0.69%	0.44%
Expected rate of salary increases	2.00%	1.70%

Sensitivity analysis of each significant actuarial assumption :

	For the years ended December 31			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	—	$10,090	—	$13,983

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Discount rate decrease by 0.5%	$11,103	－	$15,402	－
Future salary increase by 0.5%	$10,897	－	$15,124	－
Future salary decrease by 0.5%	－	$10,013	－	$13,883

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(12) Equities

A. Common stock

The Company's authorized capital were both NT$3,000,000 thousand as at December 31, 2021 and 2020. The Company's issued capital were both NT$2,949,401 thousand, divided into 294,940 thousand shares as at December 31, 2021 and 2020, each at a par value of NT$10.

B. Capital surplus

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Additional paid-in capital	$123,182	$173,322
Treasury share transactions	299,415	299,415
Other	6,535	6,604
Total	$429,132	$479,341

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues.
b. Offset prior years' operation losses.
c. Set aside 10% of the remaining amount after deducting items "a." and "b." as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The remaining, plus the previous year's unappropriated earnings, shall be distributed according to the distribution plan proposed by the Board of Directors according to the dividend policy and submitted to the stockholders' meeting for approval.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The distribution of dividends may not be lower than 10% of distributable surplus annually. No dividend will be distributed if the accumulated distributable surplus is less 2% of the paid-in capital. In the case of distribution of dividends, the cash dividends should take precedence over share dividends, of which the cash dividend ratio shall not be less than 50% of the total dividends distributed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of IFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The Company's special reserve set aside for the first-time adoption of IFRS amounted NT$259,309 thousand as of December 31, 2021 and 2020. There is no change during the period.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 10, 2022 and August 25, 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2021	2020	2021	2020
Legal reserve	$98,726	$59,792		
Common stock - cash dividend	$884,820	$539,740	$3.00	$1.83

The Company approved to distribute NT$50,140 thousand in capital surplus with NT$0.17 per share by stockholders' metting held on August 25, 2021.

Please refer to Note 6. (16) for details on employees' compensation and remuneration to directors.

(13) Operating revenue

	For the years ended December 31	
Revenue from contracts with customers	2021	2020
Sale of goods	$6,326,795	$4,457,199
Rendering of services	55,544	40,253
Other operating revenue	13,960	14,005
Total	$6,396,299	$4,511,457

Analysis of revenue from contracts with customers during the period is as follows:

A. Disaggregation of revenue

For the year ended December 31, 2021:

	Fastener Dept.	Machine/ Tooling Dept.	Other Dept.	Total
Sale of goods	$4,983,259	$553,512	$790,024	$6,326,795
Rendering of services	55,085	459	–	55,544
Other	–	–	13,960	13,960
Total	$5,038,344	$553,971	$803,984	$6,396,299

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Timing of revenue recognition				
At a point in time	$4,983,259	$553,512	$790,024	$6,326,795
Over time	55,085	459	13,960	69,504
Total	$5,038,344	$553,971	$803,984	$6,396,299

For the year ended December 31, 2020:

	Fastener Dept.	Machine/ Tooling Dept.	Other Dept.	Total
Sale of goods	$3,741,042	$458,714	$257,443	$4,457,199
Rendering of services	39,881	372	—	40,253
Other	—	—	14,005	14,005
Sale of goods	$3,780,923	$459,086	$271,448	$4,511,457
Timing of revenue recognition				
At a point in time	$3,741,042	$458,714	$257,443	$4,457,199
Over time	39,881	372	14,005	54,258
Total	$3,780,923	$459,086	$271,448	$4,511,457

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Sale of goods	$58,108	$28,068

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
The opening balance transferred to revenue	$17,652	$12,987
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$47,692	$17,930

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT$58,108 thousand and NT$28,068 thousand as at December 31, 2021 and 2020. The Company will recognize revenue as the Company satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to fulfil a contract

None.

(14) Expected credit losses

	For the years ended December 31	
	2021	2020
Operating expenses - expected credit losses		
Notes receivable	$—	$—
Accounts receivable	1,487	—
Subtotal	1,487	—
Non-operating income and expenses - expected credit losses		
Financial assets measured at amortized cost	—	—
Total	$1,487	$—

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 12 for more details on credit risk.
The credit risk for the Company's financial assets measured at amortized cost is assessed as low as at December 31, 2021 and 2020. Considering all counterparties are the financial institutions with good credit rating, there is no need for the provision for expected credit losses.
The Company measures the loss allowance of its accounts receivable (including note receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2021 and 2020 are as follows:
The Company considers the grouping of accounts receivable by counterparties' credit rating, which the Company evaluates specific groups of counterparties individually, the total book value of accounts receivable that are more than one year overdue is NT$9,506 thousand and NT$8,765 thousand, respectively, should be recognized 100% loss allowance, and the remaining is measured by using a provision matrix. Details are as follows:
As at December 31, 2021

	Not yet due	Overdue					
	(note)	<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$875,625	$248,693	$27,240	$—	$—	$745	$1,152,303
Loss ratio	0%	0%	3%	0%	0%	100%	
Lifetime expected credit losses	—	—	(939)	—	—	(745)	(1,684)
Subtotal	$875,625	$248,693	$26,301	$—	$—	$—	$1,150,619
Carrying Amount							$1,150,619

As at December 31, 2020

	Not yet due	Overdue					
	(note)	<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$968,959	$131,869	$705	$—	$—	$1,556	$1,103,089
Loss ratio	0%	0%	0%	0%	0%	60%	
Lifetime expected credit losses	—	—	—	—	—	(938)	(938)
Subtotal	$968,959	$131,869	$705	$—	$—	$618	$1,102,151
Carrying Amount							$1,102,151

Note: The Company's notes receivable are not overdue.
The movement in the provision for impairment of notes receivable and accounts receivable during the years ended December 31, 2021 and 2020 are as follows:

	Notes receivable	Accounts receivable
As at January 1, 2021	$—	$9,703
Addition for the current period	—	1,487
The effect of exchange rate changes	—	—
As at December 31, 2021	$—	$11,190
As at January 1, 2020	$—	$9,703
Addition	—	—
The effect of exchange rate changes	—	—
As at December 31, 2020	$—	$9,703

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Lease

A. Company as a lessee

The Company leases various properties, including building and facilities and office equipment. The lease terms range from 1 to 3 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

Income and costs relating to leasing activities

	For the years ended December 31	
	2021	2020
The expenses relating to short-term leases	$960	$960
The expenses relating to leases of low-value assets	818	917
Total	$1,778	$1,877

(16) Summary statement of employee benefits, depreciation and amortization expenses by function
are as follows:

By function / By feature	For the years ended December 31					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$857,929	126,523	$984,452	$663,628	111,984	$775,612
Labor and health insurance	$81,545	10,397	$91,942	$70,242	9,857	$80,099
Pension	$35,545	4,946	$40,491	$32,910	5,268	$38,178
Director's remuneration	$—	3,940	$3,940	$—	3,920	$3,920
Other employee benefits expense	$57,023	7,722	$64,745	$47,217	6,718	$53,935
Depreciation	$184,619	11,900	$196,519	$204,792	12,814	$217,606
Amortization	$—	63	$63	$—	173	$173

Note：

A. The number of employees for the years ended December 31, 2021 and 2020 are 1,415 and 1,355, respectively, of which 7 directors are not the Company's employees.

B. The Company whose stocks are either listed on the TWSE or traded on the TPEx should have additional disclosure of the following information:

a. The Company's average employee benefit expenses for the years ended December 31, 2021 and 2020 were NT$839 thousand and NT$703 thousand, respectively. ("employee benefit expenses minus director's remuneration" divided "the number of Company's employees minus non-employee directors")

b. The Company's average salary expenses for the years ended December 31, 2021 and 2020 were NT$699 thousand and NT$575 thousand. ("salary expenses" divided "the number of Company's employees minus non-employee directors")

c. The Company's adjustment of average salary expenses for the year ended December 31, 2021 increased 22％. ("salary expenses of the present year minus the previous year" divided "salary expense of the previous year")

d. The Company has set up the Audit Committee in replace of supervisors and therefore it does not recognize the supervisors' remuneration.

e. The Company's employee compensation includes monthly salary (including salary, meal/transportation allowance, special bonus, etc.), performance bonus (holiday bonus, employees' remuneration) and year-end bonus. The salary are mainly based on market quotations, company's operations and overall economic conditions, as well as the company's competitiveness, internal fairness and legitimacy, etc., to formulate a competitive salary system. Performance bonus (holiday bonus, employee's remuneration) are issued based on the Company's operating performance and assessing individual performance of employees to reward their contributions and motivate employees to continue their efforts. Year-end bonus is paid based on the company's earnings performance.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Articles of Incorporation, no less than 1.5% of profit of the current year is distributable as employees' compensation and no more than 1% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the year ended December 31, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2021 to be 1.5% of profit of the current year and 0% of profit of the current year, respectively, recognized as employee benefits expense. Differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors would be recognized in profit or loss of the subsequent year. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution.

A resolution was passed at a board of directors meeting held on March 10, 2022 to distribute NT$18,500 thousand and NT$0 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively. No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended December 31, 2021.

No material differences existed between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors for the year ended December 31, 2020.

(17) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2021	2020
Financial assets measured at amortized cost	$1,352	$2,407

B. Other income

	For the years ended December 31	
	2021	2020
Other income - other	$37,124	$90,631

C. Other gains and losses

	For the years ended December 31	
	2021	2020
(Losses) Gains on disposal of property, plant and equipment	($8)	$130
Foreign exchange losses	(92,803)	(8,949)
Gains on financial assets / liabilities at fair value through profit or loss	78,026	3,648
Others	(50)	(4)
Total	($14,835)	($5,175)

D. Finance costs

	For the years ended December 31	
	2021	2020
Interest on borrowings from bank	($8)	($560)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Components of other comprehensive income
For the year ended December 31, 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pession plans	$5,394	$—	$5,394	($1,079)	$4,315
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(14,769)	—	(14,769)	2,954	(11,815)
Total other comprehensive income (loss)	($9,375)	$—	($9,375)	$1,875	($7,500)

For the year ended December 31, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pession plans	($4,525)	$—	($4,525)	$905	($3,620)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(8,412)	—	(8,412)	1,682	(6,730)
Total other comprehensive income (loss)	($12,937)	$—	($12,937)	$2,587	($10,350)

(19) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2021	2020
Current income tax expense (income):		
Current income tax charge	$193,738	$111,594
Adjustments in respect of current income tax of prior periods	5,493	720
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	7,256	2,127
Other	3,182	—
Total income tax expense	$209,669	$114,441

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Income tax relating to components of other comprehensive income (loss)

	For the years ended December 31	
	2021	2020
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	($2,954)	($1,682)
Remeasurements of defined benefit pession plans	1,079	(905)
Income tax relating to components of other comprehensive income (loss)	($1,875)	($2,587)

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2021	2020
Accounting profit before tax from continuing operations	$1,192,616	$715,977
Tax at the domestic rates applicable to profits in the country concerned	$238,523	$143,195
Tax effect of revenues exempt from taxation	(27,129)	(17,024)
Tax effect of expenses not deductible for tax purposes	8	—
Tax effect of deferred tax assets / liabilities	(6,522)	418
Corporate income surtax on undistributed retained earnings	—	4,273
Adjustments in respect of current income tax of prior periods	5,493	720
Others	(704)	(17,141)
Total income tax expense recognized in profit or loss	$209,669	$114,441

C. Deferred tax assets / liabilities relate to the following:

	For the year ended December 31, 2021			
	Beginning balance as at Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2021
Temporary differences				
Allowance for inventory valuation losses	$25,614	($2,000)	$—	$23,614
Investments accounted for using the equity method	(30,600)	2,713	—	(27,887)
Exchange differences on translation of foreign operations	10,491	—	2,954	13,445
Net defined benefit liabilities, non-current	24,805	(5,867)	(1,079)	17,859
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	5,165	(2,102)	—	3,054
Deferred tax (expense)		($7,256)	$1,875	
Net deferred tax assets / liabilities	($160,526)			($165,907)
Reflected in balance sheet as follows:				
Deferred tax assets	$68,059			$63,410
Deferred tax liabilities	($228,585)			($229,317)

	For the year ended December 31, 2020			
	Beginning balance as at Jan. 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2020
Temporary differences				
Allowance for inventory valuation losses	$23,414	$2,200	$—	$25,614
Investments accounted for using the equity method	(27,373)	(3,227)	—	(30,600)
Exchange differences on translation of foreign operations	8,809	—	1,682	10,491
Net defined benefit liabilities, non-current	30,092	(6,192)	905	24,805
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	64	5,092	—	5,156
Deferred tax (expense)		($2,127)	$2,587	
Net deferred tax assets / liabilities	($160,986)			($160,526)
Reflected in balance sheet as follows:				
Deferred tax assets	$67,267			$68,059
Deferred tax liabilities	($228,253)			($228,585)

D. The assessment of income tax returns

As of December 31, 2021, the Company's income tax returns for the year through 2019 assessed and approved up by the Tax Authority.

(20) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2021	2020
A. Basic earnings per share		
Net income (in thousand NT$)	$982,947	$601,536
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Basic earnings per share (NT$)	$3.33	$2.04
B. Diluted earnings per share		
Net income (in thousand NT$)	$982,947	$601,536
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Effect of dilution:		
Employee compensation - stock (in thousands)	322	220
Weighted average number of ordinary shares outstanding after dilution (in thousands)	295,262	295,160
Diluted earnings per share (NT$)	$3.33	$2.04

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
San Shing Heat-Treating Co., Ltd.	Subsidiary
Hexico Enterprise Co., Ltd.	Subsidiary
Acku Metal Industries (M) Sdn.Bhd. (ACKU)	Subsidiary
Taifas Corporation	Other related party (Director)
Interactive Corporation	Other related party
Kuan Meis Co., Ltd.	Other related party
Wonsan Steel Enterprises Ltd.	Other related party
Tainan San Shing Social Welfare and Charity Foundation	Other related party

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2021	2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$160,350	$121,457
San Shing Heat-Treating Co., Ltd.	599	448
Subtotal	160,949	121,905
Other related party		
Interactive Corporation	419,561	112,422
Wonsan Steel Enterprises Ltd.	230,723	38,936
Taifas Corporation	118,806	75,584
Kuan Meis Co., Ltd.	848	601
Subtotal	769,938	227,543
Total	$930,887	$349,448

Sales to related parties are basically the same as those to third parites. The collection terms are opened sight letter of credit or net 30 days.

(2) Purchases

	For the years ended December 31	
	2021	2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$235,086	$164,001
Other related party		
Interactive Corporation	28,914	—
Total	$264,000	$164,001

Purchase from related parties are basically the same as those from third parties. The payment terms are paid after receipt of goods.

(3) Notes receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$3,245	$1,794
San Shing Heat-Treating Co., Ltd.	3,017	1,108
Subtotal	$6,262	2,902

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Accounts receivable - related parties

(5	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$21,938	$10,907
Other related party		
Taifas Corporation	7,681	9,617
Wonsan Steel Enterprises Ltd.	973	—
Interactive Corporation	—	1,619
Subtotal	8,654	11,236
Total	$30,592	$22,143

ivables - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
San Shing Heat-Treating Co., Ltd.	$1,354	$1,045
Hexico Enterprise Co., Ltd.	35	5
ACKU	—	32,612
Total	$1,389	$33,662

(6) Notes payable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$50,061	$22,751
San Shing Heat-Treating Co., Ltd.	40,810	25,893
Total	$90,871	$48,644

(7) Accounts payable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
San Shing Heat-Treating Co., Ltd.	$12,292	$16,362
Hexico Enterprise Co., Ltd.	11,286	17,652
Total	$23,578	$34,014

(8) Other payables - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
San Shing Heat-Treating Co., Ltd.	$57	$81
Other related party		
Interactive Corporation	1,111	—
Total	$1,168	$81

(9) Contract liabilities - current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Taifas Corporation	$911	$952

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Other non-current liabilities - guarantee deposits received

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Hexico Enterprise Co., Ltd.	$32	$82
Other related party		
Taifas Corporation	3,039	2,533
Kuan Meis Co., Ltd.	74	74
Subtotal	3,113	2,607
Total	$3,145	$2,689

(11) Operating expenses - donations

	For the years ended December 31	
	2021	2020
Other related party		
Tainan San Shing Social Welfare and Charity Foundation	$5,000	$−

(12) Others

For 2021and 2020, the Company paid NT$171,827 thousand and NT$118,754 thousand to the subsidiary - San Shing Heat – Treating Co., Ltd. for processing fee which was recorded under Manufacturing overhead – processing fee.

(13) Key management personnel compensation

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$22,271	$22,241

8. Assets pledged as collateral

The following table lists assets of the Company pledged as collateral:

	As at		
Items	Dec. 31, 2021	Dec. 31, 2020	Secured liabilities
Property, plant and equipment - land and buildings	$1,492,888	$1,510,510	Line of credit
Financial assets measured at amortized cost	6,224	6,214	Import tariffs
Total	$1,499,112	$1,516,724	

9. Significant contingencies and unrecognized contract commitments

(1) As of December 31, 2021, Opened letter of credits with unused credit line amounted JPY 4,775 thousand and NT$114,016 thousand.

(2) The guaranteed note for purchasing the raw materials from China Steel Corporation amounted NT$92,000 thousand.

(3) The guaranteed note for borrowing from the financial instutions amounted NT$1,475,000 thousand.

(4) The guaranteed note for purchasing natural gas from Shin Nan Natural Gas Co., Ltd. amount NT$250 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through profit and loss:		
Mandatorily measured at fair value through profit or loss	$27,190	$5,064
Financial assets measured at amortized cost:		

Cash and cash equivalents (exclude cash on hand)	1,087,798	1,320,930
Financial assets measured at amortized cost	34,542	10,115
Notes receivable	9,756	6,849
Accounts receivable	1,140,863	1,095,302
Other receivables	34,064	54,046
Other non-current assets - refundable deposits	1,708	1,698
Subtotal	2,308,731	2,488,940
Total	$2,335,921	$2,494,004

Financial Liabilities

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortized cost:		
Payables	$823,244	$607,769
Other non-current liabilities - guarantee deposits received	39,795	45,287
Subtotal	863,039	653,056
Financial liability at fair value through profit or loss:		
Held for trading	188	9,754
Total	$863,227	$662,810

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

A. When NTD strengthens / weakens against USD by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased / increased by NT$5,745 thousand and NT$4,515 thousand, respectively.
B. When NTD strengthens / weakens against EUR by 1%, the profit for the years ended December 31, 2021 and 2020 is decreased / increased by NT$6,956 thousand and NT$6,947 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to increase / decrease by NT$1,122 thousand and NT$1,331 thousand, respectively.

Equity price risk

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2021 and 2020, accounts receivable from top ten customers represented 52% and 56% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss alloeance of accounts receivable measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates. The impairment assessment method and related indicators of debt instrument investments are described as follows:

			Total carrying amount as at	
Level of credit risk	Indicator	Measurement method for expected credit losses	December 31, 2021	December 31, 2020
Low credit risk	Debt instruments with credit rating above BBB and counterparty with good credit risk	12-month expected credit losses	$34,542	$10,115

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Simplified approach (Note)	(Note)	Lifetime expected credit losses	$1,161,809	$1,111,854

Note: By using simplified approach loss allowance is measured at (lifetime expected credit losses), including notes receivable and accounts receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investments has increased, the Company will dispose that investments in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information (including the indicators such as industry growth rate) and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2021					
Payables	$823,244	—	—	—	$823,244
Guarantee deposits received	$—	39,795	—	—	$39,795
As at Dec. 31, 2020					
Payables	$607,769	—	—	—	$607,769
Guarantee deposits received	$—	45,287	—	—	$45,287

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2021					
Inflows	$—	$—	$—	$—	$—
Outflows	—	—	—	—	—
Net	$—	$—	$—	$—	$—
As at Dec. 31, 2020					
Inflows	$—	$—	$—	$—	$—
Outflows	—	—	—	—	—
Net	$—	$—	$—	$—	$—

The table above contains the undiscounted net cash flows of derivative financial instruments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2021	$—	$45,287	$45,287
Cash flows	—	(5,492)	(5,492)
As of Dec. 31, 2021	$—	$39,795	$39,795

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2020	$168,745	$47,920	$216,665
Cash flows	(168,745)	(2,633)	(171,378)
As of Dec. 31, 2020	$—	$45,287	$45,287

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2021, and 2020 is as follows:

<u>Forward currency contracts</u>

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items (by contract)	Notional Amount	Contract Period
As at December 31, 2021		
Sell EUR / Buy NTD	EUR 20,980	2021.07.02～2022.06.28
Sell USD / Buy NTD	USD 17,100	2021.08.19～2022.05.05

Items (by contract)	Notional Amount	Contract Period
As at December 31, 2020		
Sell EUR / Buy NTD	EUR 14,800	2020.09.01～2021.07.01
Sell USD / Buy NTD	USD 12,710	2020.10.13～2021.04.29

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy:

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company’s assets and liabilities:

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value on a recurring basis is as follows:

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$－	27,190	－	$27,190
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$－	188	－	$188

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$－	5,064	－	$5,064
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$－	9,754	－	$9,754

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at December 31, 2021		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$20,748	27.690	$574,511
EUR	$22,207	31.326	$695,642

	As at December 31, 2020		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$15,837	28.508	$451,484
EUR	$20,084	34.590	$694,702

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company's function currency are various, and hence is not able to disclose the information of exchange gains or losses by each significant assets and liabilities denominated in foreign currencies. The exchange losses of monetary financial assets and liabilities were NT$(92,803) thousand and NT$(8,949) thousand for the years ended December 31, 2021 and 2020, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. Additional disclousures

(1) Information at significant transactions

A. Financing provided to others for the year ended December 31, 2021: None.

B. Endorsement / Guarantee provided to others for the year ended December 31, 2021: Please refer to Attachment 1.

C. Securities held as of December 31, 2021: None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

E. Acquistion of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: Please refer to Attachment 2.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2021: None.

I. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in Mainland China): Please refer to Attachment 3.

J. Financial instruments and derivative transactions: Please refer to Note 12.

(2) Information on investments in mainland China: Not applicable.

(3) Informan of major shareholders: Please refer to Attachment 4.

SAN SHING FASTECH CORP. - (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 1

Endorsement / Guarantee provided to others for the year ended December 31, 2021:

No. (Note 1)	Endorsor / Guarantor	Receiving party		Limit of guarantee / endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided	Amount of collateral guarantee / endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee / endorsement amount (Note 3)	Parent company endorsed / guarantee for the subsidiaries (Note 7)	Subsidiaries endorsed / guarantee for the parent company (Note 7)	Endorsement or guarantee for entities in China (Note 7)
		Company name	Relationship (Note 2)										
0	SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	2	$1,333,493	$142,655 (USD 5,000)	$138,450 (USD 5,000)	$-	$-	2.08%	$3,333,732	Y	N	N

Note 1: The parent company and its subsidiaries are filled as follows:

1. The parent company is coded "0".

2. The investees are coded from consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser / guarantor and party being endorsed/guaranteed is classified into the following seven categories:

1. A company with which it does business.

2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.

3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.

4. A company in which the public company holds, directly or indirectly, 50% or more of the voting shares.

5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: For a company which SAN SHING FASTECH CORP. directly and indirectly holds more than 50% of the voting shares and the limit of endorsements / guarantees is 20% of parent company's equity, its limit of total guarantee/endorsement amount is 50% of parent company's equity.

Note 4: Maximum balance of endorsement / guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed / guaranteed company within the limit of endorsement / guarantee amount.

Note 7: It should be filled in "Y", if it is the public parent company endorsed / guaranteed for the subsidiaries, subsidiaries endorsed / guaranteed for the public parent company, or endorsement or guarantee for entities in China.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2021:

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Remark (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payables)	
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	Subsidiary	Sales	$160,350	3%	Wire rod: 1~2 months Machinery, toolings and nuts: 3~4 months	—	—	Notes receivable $3,245 Accounts receivable $21,938	33% 2%	
			Purchases	$235,086	6%	4 months, the purchase of WIP and finished goods: 15 days for payment term	—	—	Notes payable $50,061 Accounts payable $11,286	14% 9%	
SAN SHING FASTECH CORP.	Interactive Corporation	Other related party	Sales	$419,561	7%	Sight letter of credit	—	—	Accounts receivable $—	—	
SAN SHING FASTECH CORP.	Wonsan Steel Enterprises Ltd.	Other related party	Sales	$230,723	4%	Sight letter of credit	—	—	Accounts receivable $973	—	
SAN SHING FASTECH CORP.	Taifas Corporation	Other related party	Sales	$118,806	2%	Patment term: 30 days	—	—	Accounts receivable $7,681	1%	

Note 1: If the related party's transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT$10,
the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3

Names, locations and related information of investee companies as of December 31, 2021 (Not including investment in China):

Investor company	Investee company (Note 1,2)	Address	Main businesses and products	Initial investment		Investment as of December 31, 2021			Net income (loss) of investee company Note 2(2)	Investment income (loss) recognized Note 2(3)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
SAN SHING FASTECH CORP.	San Shing Heat-Treating Co., Ltd.	No. 355-2, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Heat treatment processing business of bolts, nuts, toolings, etc.	$20,095	$20,095	2,200,000	100.00%	$103,003	$56,290	$56,360	Note 3
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	No. 355-3, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Manufacturing, processing, import and export trading of metal washers, steel wires	$213,750	$213,750	19,950,000	95.00%	$490,676	$83,532	$79,356	
SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	Lot. 2937, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Butterworth, Penang, Malaysia.	Production and sale of bolts	$120,717	$120,717	9,680,000	57.90%	$198,652	$32,888	$19,042	

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

(1) Column of “Investee company”, “Address”, “Main businesses and products”, “Initial investment” and “Investment as of December 31, 2021” should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.

(2) The amount of net income (loss) of investee company should be filled in “Net income (loss) of investee company” column.

(3) In column “Investment income (loss) recognized” only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Unrealized profit or loss from affiliated company is included.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 4

Information of major shareholders:

Name	Stock	
	Number of shares	Percentage of ownership
Hong Sheng Investment Corp.	53,147,327	18.01%
Hon Ching Investment Corp.	41,489,912	14.06%
Hon Ping Investment Corp.	37,435,880	12.69%
Pearl Investment Ltd.	21,012,396	7.12%
Taifas Corporation	19,483,733	6.60%
Yu Shun Investment Ltd.	18,400,000	6.23%

VI.Any financial difficulties that might affect the Company and its affiliates from 2021 to March 31 2022: None.

Chapter VII. Financial Status, Performance, Analysis and Risk Management：

I. Financial Stauts：

(I) Comparative Anaylsis of Consolidated Financial Status for 2020 and 2021

Item \ Year	2021	2020	Variance	
			Total	%
Current Assets	5,156,660	4,395,323	761,337	17.32%
Property, Plant and Equipment	2,989,151	3,085,691	(96,540)	(3.13%)
Intangible Assets	126,436	135,383	(8,947)	(6.61%)
Other Assets	113,663	104,507	9,156	8.76%
Total Assets	8,385,910	7,720,904	665,006	8.61%
Current Liabilities	1,148,492	837,888	310,604	37.07%
Non-Current Liabilities	364,873	405,375	(40,502)	(9.99%)
Total Liabilities	1,513,365	1,243,263	270,102	21.73%
Equity Attributable to Shareholders of the Parent	6,667,464	6,281,966	385,498	6.14%
Capital	2,949,401	2,949,401	0	0.00%
Additional Paid-In Capital	429,132	479,341	(50,209)	(10.47%)
Retained Earnings	3,342,713	2,895,191	447,522	15.46%
Other components of equity	(53,782)	(41,967)	(11,815)	(28.15%)
Treasury Stock	0	0	0	-
Non-Controlling Interest	205,081	195,675	9,406	4.81%
Total Equity	6,872,545	6,477,641	394,904	6.10%

Note 1: List the main reasons for any material changes in the Company's assets, liabilities or equities during the past 2 fiscal years and decribe the effect thereof. Where the effect is f material significance, the annual report shall describe the measures to be taken in response (by significant, it means the changes over two years exceeding 20% and over NT$10 million)

(II) Reasons for changes in assets exceeding 20% and over NT$ 10 million between 2020 and 2021, thier impact and response measure:

1. Assets: The total assets increased by 8.61%. One of the highlights was the change in the value of the "current assets", which increased by NT$761,337 thousand or 17.32%. It was attributed to the increase in sales value by NT$2,034,530 thousand or 40.11%. as the Covid-19 vaccination rate increased in 2021 and the pandemic was better controlled in Taiwan comparing to other countries. On top of this, the surge in raw material price and shipment schedule postponed due to global shipping container shortage causing the Company's inventory increased by NT$973,739 thousand. These are the main reasons for the increase in current assets by NT$761,337 thousand.

2. The total liabilities increased 21.73%, mainly because of the current liabilities of NT$1,148,492 thousand in 2021 increased NT$310,604 thousand from NT$837,888 thousand in 2020, a change of 37.07%. It is attribute to the growth in sales in 2021, and the relative increase in the purchase amount, which made the bills payable increase by NT$168,877 thousand compared with the same period last year; along with the increase in profit, which led to an increase of NT$98,755 thosuand in currnet income tax, the current liabilities increased 37.07%. That is, the total liabilities in 2021 increased by NT$270,102 thousand compared with the same period in 2020, the reason for the change of 21.73%.

3. The change in total equity increased 6.14%. It does not exceed 20% and the amount is not significant.
4. Measures to be taken in response to the effect of the changes:
   The company will monitor the paymnet term for accounts receivables and the inventory level. The capital expenditure budget on the property, plant and equipment and the inflow and outflow of the capitals are also to be closely monitored. The company shall continuosly working to reduce debt ratio. In addition, selling foreign currency gained from the orders in forward transaction should help the company to avoid exchanging loss. The debt ratio is exepcted to be kept within 20% in 2022.

II. Financial Performance：

(I) Comparative Analysis of Financial Performance in Two Fisical Years- Consolidated

Item \ Year	2021	2020	Increase (Decrease)	Percentage Change (%)
Operating Revenue	7,107,173	5,072,643	2,034,530	40.11%
Gross Profit	1,746,843	1,020,442	726,401	71.18%
Income from Operation	1,229,756	657,363	572,393	87.07%
Non-Operating Income and Expenses	32,513	102,454	(69,941)	(68.27%)
Income Before Income Tax	1,262,269	759,817	502,452	66.13%
Net Income (Loss)	1,005,192	615,656	389,536	63.27%
Other Comprehensive Income(Loss)	(18,239)	(16,461)	(1,778)	(10.80%)
Total Comprehensive Income	986,953	599,195	387,758	64.71%
Net Income Attributable to Shareholders of the Parent	982,947	601,536	381,411	63.41%
Net Income Attributable to Non-Controlling Interests	22,245	14,120	8,125	57.54%
Comprehensive Income Attributable to Shareholders of the Parent	975,447	591,186	384,261	65.00%
Comprehensive Income Attributable to Non-Controlling Interests	11,506	8,009	3,497	43.66%
Earnings (Loss) Per Share	3.33	2.04	1.29	63.24%

(II) Main Reasons for any Material Change in Operating Revenues, Operating Income, or Income Before Income Tax

The change in consolidated operating revenue, income from operation and income before income tax is 40.11%, 87.07% and 66.13% respectively.The market has been on a roller coaster ride for the past two years. In 2020, the world economy ground to a halt due to the outbreak of Covid-19 pandemic and the trade war between US and China. However, things start to look brighter for Taiwan in 2021 as the roll out and development of new vaccines started to pick up and the pandemic in Taiwan was better controlled comparing to other countries back then. the business was returning to normalcy.

Thus, the consolidated operating revenue of the Company recorded NT$7,107,173 thousand in 2021, a whopping 40.11% increase as compared to NT$5,072,643 thousand in 2020. This leads to an increase in consolidated income from operation and income before income tax. In 2021, the consolidated income from operation increased to NT$ 1,229,756 thousand from NT$657,363 thousand in 2020; and the income before income tax increased to NT$1,262,269 thousand from NT$759,817 in 2020, an increase of 87.07% and 66.13% respectively.

(III) Estimated Performance and Mitigation Measures in 2022:

1. Estimated change in the sales volume and production output for nuts in 2022:

Unit: tons

Year	Production Output	Sales Volume
Estimation for 2022	50,000	48,600
2021	49,616	46,910
Difference %	0.77%	3.60%

2. Estimated change in the sales volume and production output for bolts in 2022:

Unit: tons

Year	Production Output	Sales Volume
Estimation for 2022	18,500	18,700
2021	18,102	18,065
Difference %	2.20%	3.52%

3. Expected Performance and Mitigation Measures:

In 2021, the sales of the Company surged 40.11% mainly due to the fact that the impact from the pandemic on Taiwan was relatively mild comparing to other countries along with the development of the vaccine. As the outlook for the global fastener market starts to look brighter along with the rollout and development of new vaccines, the conflict between Russia and Ukraine put a damper on the otherwise positive outlook on Taiwan's fastener export.

Overall, the estimated sales volume of the nuts and bolts as the main products for the Company and its subsidiary will grow about 3~4% in 2022. In addition, as the improvement in the manufacturing procedure reduces the wear and tear of the tooling, the profitability of the company is expected to grow significantly.

In preparation for a volatile business environment in the foreseeable future, the Company will take the following responding measures:

(1)Upgrading the customer service and the product quality of bolts, nuts and washers;
(2)Enhancing the technical training for the employees and the research and development of new machinery;
(3)Strictly controlling the capital efficiency;
(4)Working closely with the current clients to increase sales volume to secure our market share;
(5)Exploring the emerging ASEAN for new market share.

All these measures are to continuously solidify and improve the financial structure, effectively manage and control the production process and elevate the Company above the competition.

III. Cash Flow

(I)Analysis of Changes in Consolidated Cash Flow in 2021

Cash Balance at the Beginning of the Period (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)＋(2)－(3)	Remedial Measures for Cash Deficit	
				Investments Plan	Financing Plan
1,637,006	435,449	604,727	1,467,728	—	—

1.Cash Flows from Operating Activities

The annual net cash inflow for 2021 is NT$435,449 thousand, a decrease of NT$713,015 thousand compared to NT$1,148,464 thousand in 2020. The reason being the on-going US-China trade war and the Covid-19 pandemic outbreak that took place in 2020 cast a shadow over the global economic outlook. Thus, many customers became more cautious when placing their orders. However in 2021, as the vaccination rate around the globe started to climb and the impact of Covid-19 on Taiwan was relatively small compared to other countries, the income before income tax for 2021 was NT$1,262,269 thousand, a increase of $502,452 thousand as compared to NT$759,817 thousand in 2020.

Hence, the change in cash inflow for the past two fiscal years was NT$ 502,452 thousand; the change in account receivable for the past two fiscal year is NT$ (81,776) thousand and the change in inventory amount for the past two fiscal years was NT$ (1,245,863) thousand. The change in account payable was NT$ 211,067 thousand and NT$(81,513) thousand for income taxes paid for the past two fiscal years. This was the main reason for the total decrease of NT$713,015 thousand in the annual net cash inflow for the past two fiscal years.

2. Cash Flows from Investing Activities

The annual net cash outflow for 2021 was NT$(3,153) thousand, a decrease of NT$148,964 thousand compared to NT$145,811 thousand in 2020. It was mainly due to the cash outflow of NT$(102,318) thousand under the “acquired or disposed financial assets measured at amortized cost”, a decrease of NT$191,403 thousand compared to NT$89,085 thousand in 2020.

Also, due to the acquisition and disposal of property, plants and equipment in 2021, the cash outflow was NT$94,585 thousand, an increase of NT$54,070 thousand compared to that of NT$40,515 thousand in 2020. In addition, the cash outflow of non-current assets in 2021 was NT$8,986 thousand, an decrease of NT$16,041 thousand, compared to that of NT$25,027 thousand in 2020. Hence, the cash outflow from investing activities in 2021 decreased by NT$148,964 thousand as compared to that of last year.

3. Cash Flows from Financing Activities

The annual net cash outflow was NT$597,231 thousand for 2021, a decrease of NT$170,930 thousand compared to NT$768,161 thousand in 2020. It was mainly due to the cash outflow of short term loans and notes in 2021; the cash outflow was NT$744 thousand, a decrease of NT$172,012 thousand compared to NT$(171,238) thousand in 2020. It is the reason for the decrease of NT$170,930 thousand in cash outflow in financing activities in 2021 compared to that of 2020.

(II) Remedial Actions for Liquidity Shortfall:

1. Corrective measures to be taken in response to illiquidity for 2021: Not applicable.

2. Liquidity analysis for 2021 and 2020:

Year / Item	Dec 31st, 2021	Dec 31st, 2020	Change in Ratio
Cash Flow Ratio	37.91%	137.06%	(72.34%)
Cash Flow Adequacy Ratio	83.88%	122.61%	(31.59%)
Cash Flow Reinvestment Ratio	(1.37%)	5.22%	(126.25%)

Analysis and Explanation of Change in Cash Flow:

1. The change in cash flow and cash flow adequacy ratio are (72.34%) and (31.59%) respectively, mainly due to a significant 40.11% increase in the consolidated operating revenue, which grew to NT$7,107,173 thousand in 2021 from NT$5,072,643 thousand in 2020. Coupled with the sharp rise in raw material costs, the value of inventories increased by NT$973,739 thousands, a huge 73.77% increase. Thus, the cash flows for operating activities is NT$435,449 thousand, representing a decrease of NT$713,015 thousand as compared to NT$1,148,464 thousands in the same period of last year.

2. Cash Reinvestment Ratio: The change in cash revinesment ratio for the past two years is (126.25)%.

   As the numerator in the equation, “ consolidated cash flow from operating activities - cash dividend” decreased 127.65% to NT$ (154,431) thousand as compared to NT$558,584 over the same period last year. The denominator in the equation, “ property, plant & equipment + long term investment + non-current assets + operating capital”, amounts to NT$11,237,556 thousand for 2021, an increase of 5.08%, compared to NT$10,693,912 in 2020. Thus, the change in cash reinvestment ratio is (126.25)%.

(III) Projection on Cash Flow Statement for 2022:

Cash Balance (1)	Estimated Annual Net Cash Flow Provided by Operating Activities(2)	Estimated Annual Cash Outflow (3)	(1)＋(2)－(3) Estimated Cash Surplus (Deficit) (1) + (2) - (3)	Remedial Actions for Projected Liquidity Shortfalls	
				Investments Plan	Financing Plan
1,467,728	1,000,000	1,000,000	1,467,728	—	—

Analysis:

The global market of fastening products is expected to grow in 2022 with the rollout of Covid-19 vaccines in 2022. However, the Russian-Ukrainian war broke out unexpectedly, so the export expectations for fastener products of Taiwan remain cautiously optimistic. Therefore, it is expected that in 2022, the sales volume of the main products "nuts" and "bolts" of the Company and its subsidiaries will increase slightly by 3% to 4% compared with 2021. That is, the profit in 2022 should be similar to last year, and the inventory should be reduced by NT$600,000 thousand given that the shipments can be delivered without barriers.The income tax payment will increase by NT$ 50,000 thousand yuan due to no advance provisional payment available in 2021, which means that the cash inflow from operating activities will increase by NT$550,000 thousand. In addition, it is estimated that a payment of NT$884,820 thousand will be made as the cash dividend distribution for the fiscal year of 2021, an increase of NT$294,940 thousand from the cash dividend of NT$589,880 thousand in 2020. It is also expected that the cost of acquiring plants and equipment in 2022 will increase NT$100,000 compared to 2021, thus the annual cash outflow for 2022 will be NT1,000,000 thousand, which is an increase of NT$400,000 thousand compared to 2021; that is, the estimated cash balance at the end of 2022 is similar to it was at the beginning of the year.

IV. The effect upon financial operations of any major capital expenditures in 2021

The operating capital and the opening balance of the Company and its subsidiaries were NT$435,449 and NT$1,637,006 thousand respectively in 2021.

The funds were mainly used to pay cash dividends of NT$589,880 thousand to shareholders, NT$94,589 thousand for the purchase and improvement of machinery, transportation, plant and equipment, and NT$22,576 thousand for other expenses. The total cash outflow was NT$696,396 thousand.

In addition, the cash inflow from the disposal of financial assets measured at amortized cost was NT$102,318 thousand. The closing balance for 2021 was NT$1,467,728 thousand in cash, and the cash flow to debt ratio was kept under the goal of 20.00%.

V. Investment Policies, Main Causes for Profit or Loss and Improvement Plans in 2021 and Investment Plans for the Coming Year：

(I) Investment Policies, Main Causes for Profit or Loss and Improvement Plans

(1) Investment Policies, Main Causes for Profit or Loss:

The principle for the Company's reinvestment policy for 2021 was based on conservatism and stability, some of the reinvestment targets were Hexico Enterprise Co. Ltd, San Shing Heat-Treating Co. Ltd. and ACKU Metal Industries (M) SDN. BHD. and Yeh Chang Heat Treatment (M) DN. BHD. (ACKU is the parent company of Yeh Chang with 51% of Yeh Ching's share held.) These companies were all fastener production related. The revenue from reinvestment in 2021 amounted to NT$154,758 thousand, up NT$55,521 thousand or 55.95% from NT$99,237 thousand last year. The prosperity was mainly due to the widespread vaccination offered and prevention measures imposed by the government of Taiwan; hence, most companies were able to perform normally in 2021. The Company's export volume increased by 25.95% in weight, which is equivalent to NT$15,591 thousand in revenue, or 38.31%, for San Shing Heat-Treating Co. Ltd. The revenue for Hexico Enterprise Co. Ltd increased by NT$36,771 thousand, a 78.64% increase compared to the year before. The revenues for overseas subsidiaries increased by NT$14,045 thousand, a 51.15% increase compared to the previous year. As a result, the income from investment for the Company increased by NT$55,521 thousand.

(2) Improvement Plan

The Company's investment will focus on its core business - fasteners, specifically for the development of high value-added products for the automotive industry. Furthermore, it will work on the reduction of production cost for the subsidiaries to boost the profitability of its investment and improve its financial structure.

(II) Investment for the Coming Year

In order to stay competitive in this constantly changing global market, the Company will pour more efforts into the growth of its core business in 2022, such as, the continuous development of the new technology and machinery for fastener production, to increase the percentage of the specialty nuts in overall production and in house tooling production for bolt products. The Company will also invest in the on-going service plan for fastener inspection and the R&D center. Part of the investment will be used to improve the bolt production process and technology, boosting the product quality while driving down the cost. Also, the investment will be used to explore new customers and markets which would help fill the production gap. As a result, the revenue and profit for the bolt division is expected to stay above a certain level in 2022.

VI. Analysis of Risk Management (from 2021 to March 2022)

（I） The effect upon the firm's profits (or losses) from interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1.Effect of interest rate fluctuation: The loan amount averaged out to be NT$2,121 thousand per month in 2021 (the average loan in the first quarter of 2022 was NT$548 thousand). A quarter adjustment in interest rate, the variation on the loan will be around NT$5 thousand.

2. Effect of exchange rate fluctuation: The combined export amount was NT$ 5,909,507 thousand in 2021, about US$ 210,886 thousand. (with the annual average exchange rate from CBC at NT$ 28.022 to US$ 1). The export amount for the first quarter 2022 was NT$1,697,896 thousand. If the exchange rate fluctuates by one new Taiwanese dollar, the exchange gain/loss is roughly NT$210,886 thousand.

3. Effect of inflation rate: None.

4.The response measures to be taken in the future: The Company will continuously work on the reduction of its loan amount. Also, selling part of foreign currencies gained from orders of the bolt and nut divisions in FX forward transactions to hedge against the drastic fluctuation in exchange rate in order to avoid exchange losses.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. Loans to other parties: The subsidiary company ACKU Metal Industries (M) SDN. BHD. loaned RM$ 1000 thousand to Jiwei Industries (M) SDN. BHD. as an reinvestment prior to the Company becoming a controlling shareholder of it. ACKU Metal Industries (M) SDN. BHD. then has little to no control and influence over Jiwei Industries (M) SDN. BHD. Hence, the entire loan was treated as an impairment loss and was offset in the acquisition premium when acquired by the Company.

2. Endorsement and Guarantee for other companies: ACKU Metal Industries (M) SDN. BHD., a subsidiary of the Company, applied for a loan of US$ 5 million from a domestic bank, endorsed by the Company in accordance with Operational Procedures for Endorsement and Guarantees. The interest expense might decrease as the interest rate is expected to fall. The risk is deemed to be under control as the Company takes the lead in the operation of ACKU Metal Industries (M) SDN. BHD., which was yielding profits in 2021.

3. Derivatives transactions: In accordance with the Procedures for Acquisition or Disposal of Assets of the Company, the Company enters into foreign exchange forward contracts (in USD and Euro) based on the order amount of bolts and nuts or the imported wires. The contracts are not tradable and the amount shall not exceed the current order amount of the nuts and bolts or the imported wires; and the loss shall not exceed the limit as stipulated in Article 13.1.6.1 of the Procedures for Acquisition or Disposal of Assets.

(III) Future R&D projects and the expenses

The estimated R&D expense for the Company and its subsidiaries in 2022 is NT$31,000 thousand, and the R&D plan includes the following:

Items	Future R&D Projects	Additional R&D budget in 2022	Current Progress	Estimated Time of Completion	Key Success Factors for R&D Project
1	Machining centers monitoring system	NT$3,000 thousand	In progress	October 2023	Signal analysis ability
2	New model of multi-station forming machine	NT$12,000 thousand	In progress	December 2022	Usability of the mechanical component
3	Two spindle tapping machine for export	NT$2,000 thousand	In progress	October 2022	Usability of the mechanical component
4	Assisted tooling adjustment system for forming machine	NT$3,000 thousand	In progress	December 2022	Signal analysis ability
5	High precision feeding system for larger models of forming machine	NT$2,000 thousand	In progress	October 2022	Usability of the mechanical component
6	High speed all angle bolt sorting machine	NT$2,000 thousand	In progress	June 2022	Usability of the mechanical component
7	New model of fastener cleaning machine	NT$3,000 thousand	In progress	December 2022	Recycling cleaning liquid
8	Long parts and bolt sorting machine for export	NT$4,000 thousand	In progress	June 2023	Usability of the mechanical component

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment domestically or internationally, and measures to be taken in response: None.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

1. Information Technology Security Assessment (including cybersecurity risks) and Response Measures

The Company has a sound and robust network and information security protection system to manage and maintain the main production activities that keeps the proper operation of the company. To ensure the appropriateness and effectiveness of the system, San Shing periodically reviews and assesses the articles of network security and procedures and upgrades the software and hardware.

However, in the face of ever-changing cyber threats, the Company cannot guarantee that it is immune to the attacks from hackers, viruses and ransomware which are capable of disrupting the daily operations of the Company and its systems.

All employees are responsible for ensuring the integrity of the system together. To achieve this objective, they are asked to change their log-in passwords periodically, retrieving and storing data based on the needs of each individual's duty, to sign intellectual property ownership and non-disclosure agreement. They are obligated to follow all the related rules and regulations to protect all non-public business information. Otherwise, they will face disciplinary charges or even be legally liable for their actions.

The server room has a restricted access control. All data is categorized and backed up in the order of its importance and stored in a remote location. The system will also undergo disaster simulation tests and disaster recovery drills periodically to assess its response measures and the soundness of the data storage. That way, should there be any damages to the system caused by any unexpected disasters or man-made errors, the system can be up and running in the shortest time possible.

There has never been one cyber espionage related incident since 2021. Hence, the business and its operation remain intact and free of related legal investigation.

2. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response: None.

(VI)Impact on the Company's corporate crisis management due to changes in corporate image and response measures thereof：None

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans：Not applicable。

(VIII)Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans：

From 2021 to March 2022, there has been no investments made on the construction of new plants. The investments are only for the improvements and expansion of the existing plant, the expected benefits or risks from this is very limited. In 2021, the expenses made on the improvement was NT$2,326 thousand.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration：

1. Risks relating to concentration of purchasing sources: From 2021 to March 2022, China Steel is the only provider accounting for more than 10% of total inventory purchase of the Company, and it has been a major supplier of the raw material (wire) for the Company’s main products - bolts, nuts and washer. More than 70% of the wire purchase was made with China Steel Corporation. Despite the Company having long term contracts with China Steel Corporation, the long term wire supply shall be secure and stable; however, the Company cannot rule out the possibility that the supply chain might be disrupted.

2.Response measures for excessive concentration of purchasing sources: In response to the risk of excessive contraction of purchasing sources, the Company will source wires from other suppliers, such as, Nippon Steel, POSCO, New Best Wire and Best Quality Wire, to make up for the shortage of supply.

3.Excessive Customer Concentration: 2021 to March 2022, the sales volume to E1 accounts for more than 10% of the revenue. Being one of the most important customers for nut division, should the business relationship between the customer and the Company terminate, it would cause a 12.49% drop in sales revenue and 8.65% decrease in profit for the Group.

4. Response measures to excessive customer concentration:

(1) In order to secure customers orders, the response measure is to advance the manufacturing techniques, differentiate the products from the competitors and assign a dedicated personnel to work with the customers closely for sales orders and after sales customer service.

(2) To reduce the risks, the Company ought to diversify its sources of orders by developing new customers or new markets other than the U.S and European market. At the same, the Company would try to increase the orders from the top 30 major customers so the sales volume is not overly concentrated on few customers.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:

From 2021 to March 2022, there has been no large share transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings over 10%, thus it is not applicable.

(XI)Effects of, Risks Relating to and Response to the Changes in Management Rights：

The management rights have been unchanged from 2021 to March 2022, hence it is not applicable.

(XII)Litigious or non-litigious matters

If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending from 2021 to March 2022: As of March 2022, there has been no material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company, company director, supervisor, President, de facto responsible person, or major shareholder with a stake of more than 10 percent.

(XIII) Other Major Risks and Response Measures: None.

VII. Other Significant Matters: None.

Chapter VIII.Other Special Notes

I.Information about Affiliated Enterprises

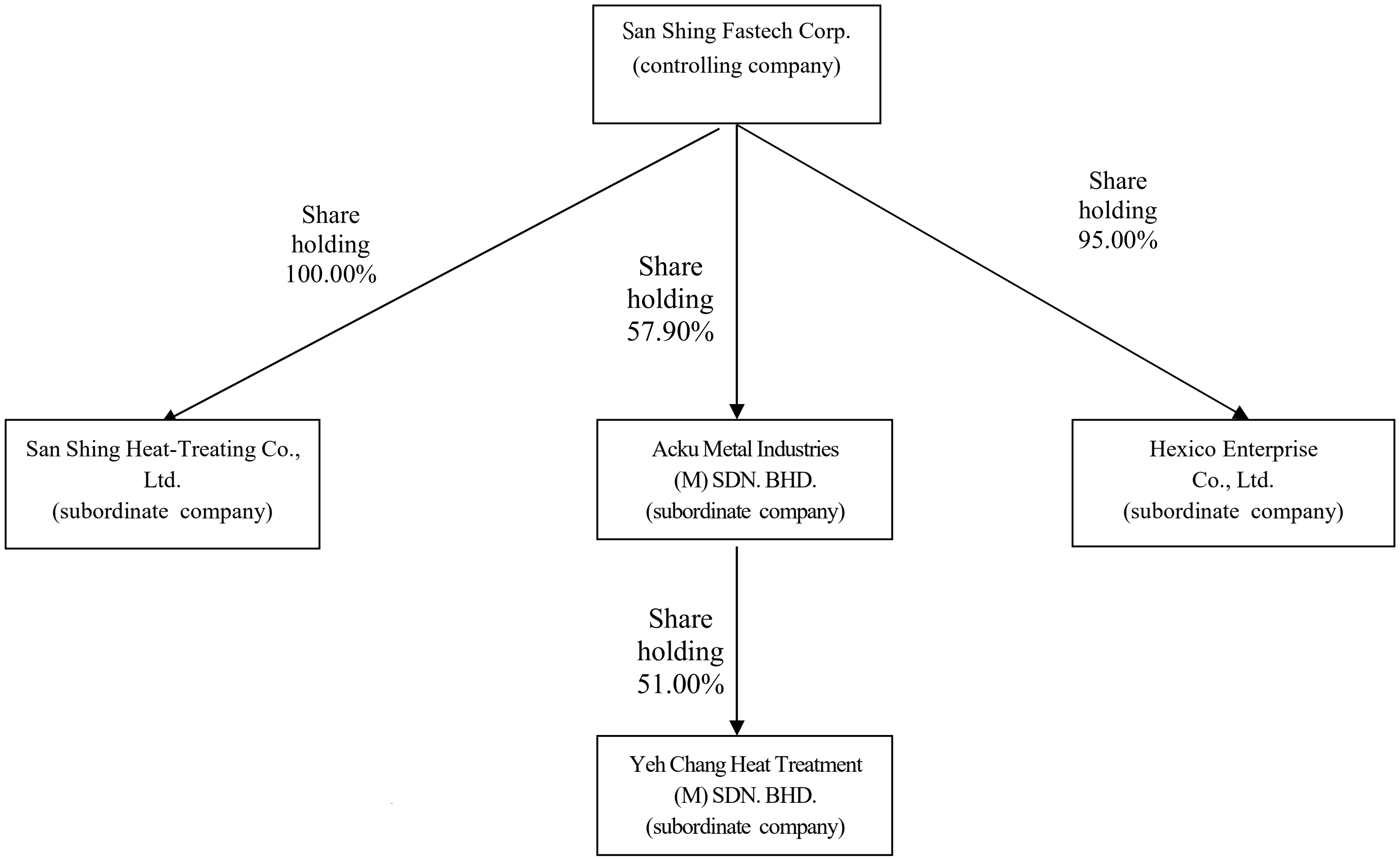
The entities that are required to be included in the consolidated financial statements of San Shing Fastech Co., Ltd. under the criteria governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard 10, Consolidated and Separate Financial Statements. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Hence, San Shing Fastech Co., Ltd. and its subsidiaries do not prepare a separate set of consolidated financial statements. The consolidated financial statement is available on page 96 in this annual report. The content is as follows:

SAN SHING FASTECH CORP.
Consolidated Business Report of
the Affiliated Enterprises
2021

Company Address: 1F No. 355-6, Section 3, Zhongshan Road, Guiren District, Tainan City, 711

Phone Number: (06)230-6611

(I)Organizational chart of the affiliates：



(II)Name, Date of Incorporation, Address, Paid-In Capital and the Main Business of each Affiliated Companies.

Unit: $ thousands

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Business
San Shing Heat-Treating Co., Ltd.	Jan 19, 1995	No. 355-2, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan (R.O.C)	$22,000	Heat treatment processing for bolts, nuts and toolings.
Hexico Enterprise Co., Ltd.	June 3, 1994	No. 355-3, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan (R.O.C)	$210,000	Manufacturing washers, steel wires processing, import and export sales of washer and steel wire
Acku Metal Industries (M) SDN. BHD.	April 4, 1989	Lot. 2937, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Butterworth,Penang, Malaysia.	$159,676	Manufacturing and sales of bolts
Yeh Chang Heat Treatment (M) SDN. BHD.	July 15, 1989	Lot. 2959, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Seberang, Perai Utara, Malaysia.	$23,875	Heat treatment of metallic products

(III)Among the affiliated companies of the Company, San Shing Heat-Treating Co., Ltd. is responsible for the heat treatment of the fastener products of the Company; and Hexico Enterprise Co., Ltd.is the supplier of the washers to the Company.

(IV) Information on common shareholders of companies with control or subordinate relationship: Not applicable.

(V)Directors, Supervisors and Presidents of Affiliated Companies

Unit: shares, %

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
San Shing Heat-Treating Co., Ltd.	Chairman	San Shing Fastech Corp.(Representative：Ko, Chi-Yuan)	2,200,000	100.00%
	Director	San Shing Fastech Corp.(Representative：Yang, Long)		
	Director	San Shing Fastech Corp.(Representative：Lin, Wen-Chieh)		
	Supervisors	San Shing Fastech Corp.(Representative：Chen, I-Chung)		
Hexico Enterprise Co., Ltd.	Chairman	San Shing Fastech Corp.(Representative：Ko, Chi-Yuan)	19,950,000	95.00%
	Director	San Shing Fastech Corp.(Representative：Yang, Long)		
	Director	San Shing Fastech Corp.(Representative：Lin, Wen-Chieh)		
	Supervisors	Chen, I-Chung		
Acku Metal Industries (M) SDN. BHD.	Director	San Shing Fastech Corp.(Representative：Lin, Wen-Chieh)	9,680,000	57.90%
	Director	San Shing Fastech Corp.(Representative：Lim, Kek-Wan)		
	Director	San Shing Fastech Corp.(Representative：Tan, Lian-Chai)		
	Director	Yang, Long	7,040,000	42.10%
Yeh Chang Heat Treatment (M) SDN. BHD.	Director	Acku Metal Industries (M) SDN. BHD. (Representative：Lim, Kek-Wan)	1,275,000	51.00%
	Director	Acku Metal Industries (M) SDN. BHD. (Representative：Chew, Ah-Chai)		
	Director	Yeh, Chin-Fu	100,000	4.00%
	Director	Wang, His-Yuan	475,000	19.00%
	Director	Chuang, Chen-Chi	—	—
	Director	Wu,Wen-Yinn	—	—

(VI)Operating Overview of Affiliated Companies

Unit: NT$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income	Net Income or Loss (After Tax)	Earnings per Share(NT$) (After Tax)
San Shing Heat-Treating Co., Ltd.	$22,000	$143,716	$40,320	$103,396	$204,375	$68,065	$56,290	$25.59
Hexico Enterprise Co., Ltd.	$210,000	$569,367	$146,061	$423,306	$657,868	$105,391	$83,532	$3.98
Acku Metal Industries (M) SDN. BHD.	$159,676	$392,528	$38,843	$353,685	$399,765	$24,648	$32,888	$1.97
Yeh Chang Heat Treatment (M) SDN. BHD.	$23,875	$68,570	$9,627	$58,943	$85,246	$9,587	$8,618	$3.45

II. Private Placement of Securities from January 2021 to March 2022: Not applicable.

III. Shares of the Company Held or Disposed of by Subsidiaries from January 2021 to March 2022: Not applicable.

IV. Other necessary items to be supplemented and explained

(I) Additional Information on Hedging Instruments:

1. For the details and information of the types of hedging derivatives transactions, objectives, methods and accounting treatment, please refer to page 146~148 in this annual report or page 53~55 in the consolidated financial report for 2021.

2. The results of conducting financial derivatives transactions in 2021: the Company and its subsidiaries held forward exchange contracts as financial hedging assets. In 2021, realized hedging gains were NT$ 47,030 thousand. Unrealized gains or losses from available-for-sale financial assets measured at fair value were NT$31,719 thousand.

(II) Depreciation Methods and Period for Plant and Equipment:

1. Other than the depreciation method for plant and equipment as disclosed on page 114~115, the useful life of the plant and equipment is determined by the Table of Useful life of an Asset published by the Ministry of Finance. The depreciation method used is the straight line depreciation method which calculates and determines the monthly depreciation cost. The formula is as follows: the cost of equipment divided by the useful life (in months).

2. Depreciation method and determination of useful life for the cost of plants and equipment improvement: If the balance of the useful life for the improved assets is greater than two years, then it is the useful life of the cost of the improvement. If the balance of the useful life for the unimproved equipment is less than two years, then its useful life is deemed to be two years; the depreciation method used on the unimproved equipment is the same as Item 1.

Chapter IX. Any event which significantly affects shareholders' equity or share price pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

San Shing Fastech Corp.

Chairman: Ko, Chi-Yuan

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