

**Eson Precision Ind. Co., Ltd. and
Subsidiaries**

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Eson Precision Ind. Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Recognition of Revenue from Sales of Some Automobile Mechanical Parts

The revenue of the Group is mainly derived from sales of television mechanical parts, automobile mechanical parts, other mechanical parts and molds.

The gross profit margin of some automobile mechanical parts is higher than others, and the Group's sales revenue has increased compared with that of 2020. The revenue from sales of these automobile mechanical parts accounted for a significant proportion of the consolidated operating revenue for the year ended December 31, 2021; therefore, we considered recognition of revenue from sales of some automobile mechanical parts as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021.

The audit procedures that we performed in response to the sales revenue recognition included the following: (1) We obtained an understanding of the design and determined the effectiveness of the implementation of the main internal controls of sales revenue, and (2) we selected samples of revenue items, inspected customer orders or contracts, shipping documents and payment status, etc., and confirmed that transactions had occurred.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ke-Chang Wu and Ming-Yu Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

Notice to Readers

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

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

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,853,404	18	\$ 2,444,074	25
Financial assets at amortized cost - current (Notes 4, 6, 8 and 25)	203,110	2	872,039	9
Notes receivable (Notes 4 and 9)	-	-	1,746	-
Trade receivables (Notes 4 and 9)	1,876,451	19	1,646,513	17
Trade receivables from related parties (Notes 4, 9 and 24)	563,657	6	597,492	6
Other receivables	36,223	-	17,823	-
Inventories (Notes 4 and 10)	1,488,685	15	1,033,216	11
Other current assets	<u>425,709</u>	<u>4</u>	<u>329,758</u>	<u>3</u>
Total current assets	<u>6,447,239</u>	<u>64</u>	<u>6,942,661</u>	<u>71</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	4,799	-	10,478	-
Financial assets at amortized cost - non-current (Notes 4, 6, 8 and 25)	5,360	-	70,882	1
Property, plant and equipment (Notes 4 and 11)	3,238,217	32	2,279,419	23
Right-of-use assets (Notes 4, 12 and 24)	274,291	3	294,213	3
Other intangible assets (Note 4)	13,289	-	19,644	-
Refundable deposits	21,644	-	20,104	-
Other financial assets - non-current	<u>121,169</u>	<u>1</u>	<u>147,033</u>	<u>2</u>
Total non-current assets	<u>3,678,769</u>	<u>36</u>	<u>2,841,773</u>	<u>29</u>
TOTAL	<u>\$ 10,126,008</u>	<u>100</u>	<u>\$ 9,784,434</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 13)	\$ 954,960	10	\$ 484,160	5
Trade payables	2,235,179	22	2,416,052	25
Trade payables to related parties (Note 24)	10,460	-	11,628	-
Other payables (Notes 14 and 24)	591,336	6	542,981	6
Current tax liabilities (Notes 4 and 18)	212,570	2	232,243	2
Lease liabilities - current (Notes 4 and 12)	17,128	-	16,053	-
Other current liabilities	<u>25,378</u>	<u>-</u>	<u>39,048</u>	<u>-</u>
Total current liabilities	<u>4,047,011</u>	<u>40</u>	<u>3,742,165</u>	<u>38</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	100,104	1	101,246	1
Lease liabilities - non-current (Notes 4 and 12)	<u>3,188</u>	<u>-</u>	<u>11,505</u>	<u>-</u>
Total non-current liabilities	<u>103,292</u>	<u>1</u>	<u>112,751</u>	<u>1</u>
Total liabilities	<u>4,150,303</u>	<u>41</u>	<u>3,854,916</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 16)				
Share capital				
Ordinary shares	1,685,289	17	1,685,289	17
Capital surplus	2,349,249	23	2,349,249	24
Retained earnings				
Legal reserve	335,295	3	289,198	3
Special reserve	700,585	7	603,006	6
Unappropriated earnings	1,731,866	17	1,698,260	18
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(820,962)	(8)	(700,585)	(7)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	<u>(5,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>5,975,705</u>	<u>59</u>	<u>5,924,417</u>	<u>61</u>
NON-CONTROLLING INTERESTS (Note 16)				
	<u>-</u>	<u>-</u>	<u>5,101</u>	<u>-</u>
Total equity	<u>5,975,705</u>	<u>59</u>	<u>5,929,518</u>	<u>61</u>
TOTAL	<u>\$ 10,126,008</u>	<u>100</u>	<u>\$ 9,784,434</u>	<u>100</u>

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

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 32)	\$ 12,042,445	100	\$ 9,889,935	100
OPERATING COSTS (Notes 10 and 24)	<u>10,233,529</u>	<u>85</u>	<u>8,166,970</u>	<u>82</u>
GROSS PROFIT	<u>1,808,916</u>	<u>15</u>	<u>1,722,965</u>	<u>18</u>
OPERATING EXPENSES				
Selling and marketing expenses	205,133	2	168,159	2
General and administrative expenses	756,959	6	673,176	7
Research and development expenses	199,936	2	195,630	2
Expected credit loss (Note 9)	<u>3,933</u>	<u>-</u>	<u>11,979</u>	<u>-</u>
Total operating expenses	<u>1,165,961</u>	<u>10</u>	<u>1,048,944</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>642,955</u>	<u>5</u>	<u>674,021</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	20,546	-	37,243	-
Other income	19,939	-	31,790	-
Foreign exchange loss	(60,446)	-	(117,325)	(1)
Gain on financial assets at fair value through profit or loss	-	-	2,442	-
Other expenses	(5,190)	-	(3,126)	-
Loss on disposal of property, plant and equipment	(754)	-	(6,064)	-
Interest expenses	<u>(9,195)</u>	<u>-</u>	<u>(6,952)</u>	<u>-</u>
Total non-operating income and expenses	<u>(35,100)</u>	<u>-</u>	<u>(61,992)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	607,855	5	612,029	6
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(144,074)</u>	<u>(1)</u>	<u>(151,092)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>463,781</u>	<u>4</u>	<u>460,937</u>	<u>5</u>

(Continued)

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 16)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on financial assets at fair value through other comprehensive income	\$ (5,617)	-	\$ -	-
Exchange differences on translation to the presentation currency	(177,897)	(2)	(326,864)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>57,520</u>	<u>1</u>	<u>229,014</u>	<u>2</u>
Other comprehensive income (loss)	<u>(125,994)</u>	<u>(1)</u>	<u>(97,850)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 337,787</u>	<u>3</u>	<u>\$ 363,087</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 463,781	4	\$ 460,969	5
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>-</u>
	<u>\$ 463,781</u>	<u>4</u>	<u>\$ 460,937</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 337,787	3	\$ 363,388	4
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(301)</u>	<u>-</u>
	<u>\$ 337,787</u>	<u>3</u>	<u>\$ 363,087</u>	<u>4</u>
EARNINGS PER SHARE (ATTRIBUTABLE TO OWNERS OF THE COMPANY) (Note 19)				
Basic	<u>\$ 2.75</u>		<u>\$ 2.74</u>	
Diluted	<u>\$ 2.74</u>		<u>\$ 2.73</u>	

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

(Concluded)

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company					Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized (loss) Gain on Financial Assets at Fair Value through Other Comprehensive Income	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings				
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2020	\$ 1,685,289	\$ 2,382,955	\$ 242,830	\$ 431,664	\$ 1,724,647	\$ (603,004)	\$ -	\$ 5,402	\$ 5,869,783
Appropriation of 2019 earnings (Note 16)									
Legal reserve	-	-	46,368	-	(46,368)	-	-	-	-
Special reserve	-	-	-	171,342	(171,342)	-	-	-	-
Cash dividends	-	-	-	-	(269,646)	-	-	-	(269,646)
Issuance of cash dividends from capital surplus	-	(33,706)	-	-	-	-	-	-	(33,706)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	460,969	-	-	(32)	460,937
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(97,581)	-	(269)	(97,850)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	460,969	(97,581)	-	(301)	363,087
BALANCE AT DECEMBER 31, 2020	1,685,289	2,349,249	289,198	603,006	1,698,260	(700,585)	-	5,101	5,929,518
Appropriation of 2020 earnings (Note 16)									
Legal reserve	-	-	46,097	-	(46,097)	-	-	-	-
Special reserve	-	-	-	97,579	(97,579)	-	-	-	-
Cash dividends	-	-	-	-	(286,499)	-	-	-	(286,499)
Net profit for the year ended December 31, 2021	-	-	-	-	463,781	-	-	-	463,781
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(120,377)	(5,617)	-	(125,994)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	463,781	(120,377)	(5,617)	-	337,787
Changes in non-controlling interests	-	-	-	-	-	-	-	(5,101)	(5,101)
BALANCE AT DECEMBER 31, 2021	<u>\$ 1,685,289</u>	<u>\$ 2,349,249</u>	<u>\$ 335,295</u>	<u>\$ 700,585</u>	<u>\$ 1,731,866</u>	<u>\$ (820,962)</u>	<u>\$ (5,617)</u>	<u>\$ -</u>	<u>\$ 5,975,705</u>

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

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 607,855	\$ 612,029
Adjustments for:		
Depreciation expense	433,240	362,788
Amortization expense	13,673	8,477
Expected credit loss recognized on trade receivables	3,933	11,979
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(2,442)
Interest expenses	9,195	6,952
Interest income	(20,546)	(37,243)
Loss on disposal of property, plant and equipment	754	6,064
Write-downs of inventories	54,968	42,355
Gain on lease modification	-	(2,369)
Changes in operating assets and liabilities		
Notes receivable	1,746	(2)
Trade receivables	(280,164)	(196,013)
Trade receivables from related parties	33,835	(202,580)
Other receivables	(27,274)	46
Inventories	(767,491)	(402,953)
Other current assets	(62,325)	(138,565)
Trade payables	(180,873)	509,047
Trade payables to related parties	(1,168)	10,338
Other payables	29,885	11,626
Other current liabilities	(13,670)	(45,645)
Cash generated from operations	(164,427)	553,889
Interest received	29,420	28,369
Interest paid	(8,149)	(5,403)
Income taxes paid	(180,189)	(108,117)
Net cash (used in) generated from operating activities	<u>(323,345)</u>	<u>468,738</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(215,790)	(882,003)
Proceeds from sale of financial assets at amortized cost	897,740	171,400
Purchase of financial assets at fair value through profit or loss	-	(385,348)
Proceeds from sale of financial assets at fair value through profit or loss	-	387,790
Payments for property, plant and equipment	(1,080,271)	(541,639)
Net cash outflow on acquisition of subsidiary	-	(1,478)
Proceeds from disposal of property, plant and equipment	2,224	9,637
Increase in refundable deposits	(1,540)	(8,569)
Payments for intangible assets	(7,432)	(24,823)
Payments for right-of-use assets	-	(73,143)

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ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

	2021	2020
Decrease in other financial assets	\$ -	\$ 13,054
Increase in prepayments for equipment	<u>(96,355)</u>	<u>(146,692)</u>
Net cash used in investing activities	<u>(501,424)</u>	<u>(1,481,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	470,800	244,320
Repayments of the principal portion of lease liabilities	(11,322)	(10,349)
Cash dividends distributed	(286,499)	(303,352)
Decrease in non-controlling interests	<u>(5,101)</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>167,878</u>	<u>(69,381)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>66,221</u>	<u>(24,175)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(590,670)	(1,106,632)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,444,074</u>	<u>3,550,706</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 1,853,404</u>	<u>\$ 2,444,074</u>

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

(Concluded)

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Eson Precision Ind. Co., Ltd. (the “Company”), formerly known as Multiwin Precision Ind. Co., Ltd., was incorporated in the Cayman Islands on June 17, 2008 and changed its name after resolution of the shareholders in the shareholders’ meeting in February 2012.

The Company mainly designs, develops, manufactures and sells molds, plastics, hardware products and new types of electronic components and flat-panel displays. The Company’s shares have been listed on the Taiwan Stock Exchange of the Republic of China (ROC) since November 25, 2013.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since the Company’s shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) were approved by the Company’s board of directors on March 18, 2022.

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

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

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

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

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

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

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

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

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

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 “Financial Instruments”, were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

Upon initial application of the aforementioned amendments, there was no material impact for year 2021.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

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

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

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

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Details of subsidiaries, including the percentages of ownership, and main businesses and products are detailed as follows:

Name of Investor	Name of Investee	Establishment and Operating Location	Functional Currency	Percentage of Ownership		Main Businesses and Products
				December 31 2021	December 31 2020	
The Company	Multiwin Precision Ind Pte. Ltd. (Multiwin Singapore)	Singapore	USD	100.00	100.00	Sales of molds, plastic products, and hardware products and investment holding
	Global Sun Trading Co., Ltd. (Global Sun)	Mauritius	USD	100.00	100.00	Investment holding
	All Spacer Enterprises Co., Ltd. Multiwin de Mexico S.A. de C.V. (Multwin Mexico)	Samoan Islands Mexico	USD PESO	100.00 0.71	100.00 0.71	Investment holding Manufacture of molds, plastic products, and hardware products
Global Sun Trading Co., Ltd.	Ample Wealth Enterprise Ltd. (Ample Wealth)	Mauritius	USD	100.00	100.00	Sales of molds, plastic products, and hardware products
	Zeal International Co., Ltd. (Zeal International)	Mauritius	USD	100.00	100.00	Sales of molds, plastic products, and hardware products
	Grand Liberty Co., Ltd. (Grand Liberty)	Mauritius	USD	100.00	100.00	Investment holding
	Heng Xie Enterprises Limited (Heng Xie)	Hong Kong	USD	100.00	100.00	Investment holding
	Koinya Co., Ltd. (Koinya) (Note a)	Mauritius	USD	-	65.00	Investment holding
	Eson Europe S.R.O. (Eson Europe)	Slovakia	EUR	100.00	100.00	Investment holding
	Eson Precision Industry (Singapore) Pte. Ltd. (Eson Singapore)	Singapore	USD	100.00	100.00	Sales of molds, plastic products, and hardware products
Multiwin Precision Ind. Pte. Ltd.	Kunshan Kuangrui Package Material Co., Ltd. (Kunshan Kangrui)	China	RMB	100.00	100.00	Packaging material trading and power supply
	Eson (VN) Precision Industry Co., Ltd. (Eson (VN))	Vietnam	VND	100.00	100.00	Sales of molds, plastic products, and hardware products
	Multiwin de Mexico S.A. de C.V. (Multiwin Mexico)	Mexico	PESO	87.94	99.29	Manufacture of molds, plastic products, and hardware products
	Eson Precision Engineering (Malaysia) Sdn. Bhd. (Eson Malaysia)	Malaysia	MYR	100.00	100.00	Manufacture and sales of molds, plastic products, and hardware products
	Eson Batupahat Precision Engineering Sdn. Bhd. (Eson Batupahat)	Malaysia	MYR	100.00	100.00	Manufacture and sales of molds, plastic products, and hardware products
Grand Liberty Co., Ltd.	Wuxi Singuan Metal Science & Technology Co., Ltd. (Wuxi Singuan)	China	RMB	100.00	100.00	Design, development, manufacture, and sales of molds, plastic products, and hardware products
	Unique Champion Co., Ltd. (Unique)	Mauritius	USD	100.00	100.00	Sales of molds, plastic products, and hardware products
Heng Xie	Kunshan Eson Precision Engineering Co., Ltd. (Kunshan Eson)	China	RMB	100.00	100.00	Design, development, manufacture, and sales of molds, plastic products, and hardware products
	Yantai Zhengyi Precision Electronic Co., Ltd. (Yantai Zhengyi)	China	RMB	100.00	100.00	Design, development, manufacture, and sales of molds, plastic products, and hardware products
Eson Europe S.R.O.	Eson Slovakia A.S.	Slovakia	EUR	100.00	100.00	Sales of molds, plastic products, and hardware products

(Continued)

Name of Investor	Name of Investee	Establishment and Operating Location	Functional Currency	Percentage of Ownership		Main Businesses and Products
				December 31		
				2021	2020	
All Spacer Enterprises Co., Ltd.	Zenith Profits Co., Ltd. (Zenith Profits)	Mauritius	USD	100.00	100.00	Sales of molds and hardware products
	Kong Eagle Int'l Inc. (Kong Eagle) Blackyotta Inc. (Blackyotta)	Hong Kong	USD	100.00	100.00	Investment holding
		U.S.A.	USD	100.00	100.00	Sales of molds, plastic products, and hardware products
Kong Eagle	Dongguan Yihong Precision Mould Co., Ltd. (Dongguan Yihong)	China	RMB	100.00	100.00	Manufacture and sales of precision molds and hardware products
Eson Precision Industry (Singapore) Pte. Ltd.	Multiwin de Mexico S.A. de C.V. (Multiwin Mexico) (Note b)	Mexico	PESO	11.35	-	Manufacture of molds, plastic products, and hardware products

(Concluded)

Note a: The liquidation procedures were completed on June 30, 2021.

Note b: In the second quarter of 2021, Eson Singapore participated in the capital increase in cash.

e. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into U.S. dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the functional currency into the presentation currency, are not subsequently reclassified to profit or loss.

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

When translating into the New Taiwan dollar, assets and liabilities are translated into New Taiwan dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated using the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the functional currency into the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

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

g. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property, plant and equipment is shorter than its useful life, it is depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are not directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents and accounts receivable at amortized cost) are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Group identifies the performance obligations in the contract with customers, allocates the transaction price to the performance obligations in the contracts and recognized revenue when the Group satisfies a performance obligation.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of TV mechanical parts, automobile mechanical parts, other mechanical parts and molds. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

m. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use asset, and to recognize the profit and loss of the partial or full termination of the lease; the re-measurement of the lease liability due to other modifications is to adjust the right-of-use asset. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss (accounted for as operating costs) in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

o. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Furthermore, the estimate of the probability of default is subject to greater uncertainties due to the impact on credit risk of financial assets arising from the uncertain impact and volatility in financial markets caused by the COVID-19 pandemic.

b. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 912	\$ 2,200
Deposits in banks	1,770,028	2,050,476
Time deposits with original maturities of less than 3 months	<u>82,464</u>	<u>391,398</u>
	<u>\$ 1,853,404</u>	<u>\$ 2,444,074</u>

The market rate intervals of deposits in banks at the end of the reporting period were as follows:

	December 31	
	2021	2020
Deposits in banks	0.0001%-1.80%	0.0001%-0.3%

Some of the Group's bank deposits are reserve accounts for short-term borrowings and guarantee deposits for customs and electricity, which are reclassified to "financial assets at amortized cost" (refer to Notes 13 and 25 for the details). The amounts are as follows:

	December 31	
	2021	2020
Current	\$ 9,970	\$ 7,416
Non-current	<u>5,360</u>	<u>5,392</u>
	<u>\$ 15,330</u>	<u>\$ 12,808</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments in equity instruments at FVTOCI		
<u>Non-current</u>		
Foreign investments		
Foreign unlisted (counter) shares		
Ordinary shares - Jiangsu Ankoglass Optical Material Co., Ltd.	\$ <u>4,799</u>	\$ <u>10,478</u>

The Group invested in the ordinary shares of Jiangsu Ankoglass Optical Material Co., Ltd. for medium and long-term strategic purposes, and expected to make profits through long-term investment. The management of the Group believes that if the short-term fair value fluctuations of these investments are included in the profit and loss, it is inconsistent with the aforementioned long-term investment plan, so they choose to designate these investments as measured at fair value through other comprehensive gains and losses.

8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Foreign investments		
Time deposits with original maturities of more than 3 months (a)	\$ 203,110	\$ 806,549
Financial debentures - Agricultural Bank of China (b)	-	65,490
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 203,110</u>	<u>\$ 872,039</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year (c)	\$ 5,360	\$ 70,882
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 5,360</u>	<u>\$ 70,882</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.10%-3.15% and 1.35%-3.40% per annum as of December 31, 2021 and 2020, respectively.
- b. On December 31, 2020, the coupon rates of financial debentures were 2.39%, and the effective interest rates were 2.39%.
- c. The ranges of interest rates for time deposits with original maturities of more than 1 year were 2.75% and 2.25% as of December 31, 2021 and 2020.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost	\$ -	\$ 1,746
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 1,746</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,894,179	\$ 1,660,543
Less: Allowance for impairment loss	<u>(17,728)</u>	<u>(14,030)</u>
	<u>\$ 1,876,451</u>	<u>\$ 1,646,513</u>
<u>Trade receivables from related parties</u>		
At amortized cost		
Gross carrying amount (Note 24)	\$ 563,657	\$ 597,492
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 563,657</u>	<u>\$ 597,492</u>

The average credit period of sales of goods is 60-150 days. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using an overdue aging ratio and individual customer evaluation method, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivable based on the overdue aging ratio and individual customer evaluation method.

December 31, 2021

	Not Overdue	Overdue 1-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0%	0%-50%	100%	100%	
Gross carrying amount	\$ 2,303,057	\$ 139,897	\$ 14,838	\$ 44	\$ 2,457,836
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(3,113)</u>	<u>(14,571)</u>	<u>(44)</u>	<u>(17,728)</u>
Amortized cost	<u>\$ 2,303,057</u>	<u>\$ 136,784</u>	<u>\$ 267</u>	<u>\$ -</u>	<u>\$ 2,440,108</u>

December 31, 2020

	Not Overdue	Overdue 1-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	0%	0%-50%	100%	100%	
Gross carrying amount	\$ 2,188,451	\$ 60,715	\$ 10,566	\$ 49	\$ 2,259,781
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(3,851)</u>	<u>(10,130)</u>	<u>(49)</u>	<u>(14,030)</u>
Amortized cost	<u>\$ 2,188,451</u>	<u>\$ 56,864</u>	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 2,245,751</u>

The movements of the loss allowance of accounts receivable were as follows:

	2021	2020
Balance at January 1	\$ 14,030	\$ 3,879
Add: Provision recognized*	3,933	11,979
Less: Amounts written off	-	(1,375)
Foreign exchange losses	<u>(235)</u>	<u>(453)</u>
Balance at December 31	<u>\$ 17,728</u>	<u>\$ 14,030</u>

* The increase in loss allowance of \$3,993 thousand in 2021 was in respect of the increase in total gross receivables of \$198,055 thousand compared to the amount on January 1, 2021. The increase in loss allowance of \$11,979 thousand in 2020 was in respect of the increase in total gross receivables of \$374,101 thousand compared to the amount on January 1, 2020.

10. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 820,356	\$ 383,686
Work in progress	105,602	240,413
Finished goods	<u>562,727</u>	<u>409,117</u>
	<u>\$ 1,488,685</u>	<u>\$ 1,033,216</u>

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

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 10,178,561	\$ 8,124,615
Inventory write-downs	<u>54,968</u>	<u>42,355</u>
	<u>\$ 10,233,529</u>	<u>\$ 8,166,970</u>

11. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group - 2021

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 174,849	\$ 1,545,093	\$ 3,016,923	\$ 419,843	\$ 313,667	\$ 5,470,375
Additions	88,635	-	231,568	98,431	680,107	1,098,741
Disposals	-	(4,260)	(36,626)	(7,828)	-	(48,714)
Reclassifications	-	(83,648)	242,784	256,418	(71,794)	343,760
Effects of exchange rate changes	<u>(11,933)</u>	<u>(37,025)</u>	<u>(53,507)</u>	<u>(19,174)</u>	<u>(9,630)</u>	<u>(131,269)</u>
Balance at December 31, 2021	<u>\$ 251,551</u>	<u>\$ 1,420,160</u>	<u>\$ 3,401,142</u>	<u>\$ 747,690</u>	<u>\$ 912,350</u>	<u>\$ 6,732,893</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ 761,101	\$ 2,222,535	\$ 207,320	\$ -	\$ 3,190,956
Disposals	-	(3,563)	(34,405)	(7,768)	-	(45,736)
Depreciation expense	-	59,870	209,490	146,441	-	415,801
Effects of exchange rate changes	<u>-</u>	<u>(21,525)</u>	<u>(37,846)</u>	<u>(6,974)</u>	<u>-</u>	<u>(66,345)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 795,883</u>	<u>\$ 2,359,774</u>	<u>\$ 339,019</u>	<u>\$ -</u>	<u>\$ 3,494,676</u>
Carrying amount at December 31, 2021	<u>\$ 251,551</u>	<u>\$ 624,277</u>	<u>\$ 1,041,368</u>	<u>\$ 408,671</u>	<u>\$ 912,350</u>	<u>\$ 3,238,217</u>

2020

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 191,946	\$ 1,461,887	\$ 3,153,054	\$ 397,552	\$ 40,817	\$ 5,245,256
Additions	-	85,915	99,346	54,270	305,755	545,286
Disposals	-	(2,053)	(123,058)	(14,919)	-	(140,030)
Reclassifications	-	-	16,360	638	(26,805)	(9,807)
Effects of exchange rate changes	<u>(17,097)</u>	<u>(656)</u>	<u>(128,779)</u>	<u>(17,698)</u>	<u>(6,100)</u>	<u>(170,330)</u>
Balance at December 31, 2020	<u>\$ 174,849</u>	<u>\$ 1,545,093</u>	<u>\$ 3,016,923</u>	<u>\$ 419,843</u>	<u>\$ 313,667</u>	<u>\$ 5,470,375</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ 691,567	\$ 2,195,417	\$ 195,074	\$ -	\$ 3,082,058
Disposals	-	(2,053)	(108,733)	(14,026)	-	(124,812)
Depreciation expense	-	70,874	247,895	28,896	-	347,665
Reclassifications	-	(770)	(2,394)	770	-	(2,394)
Effects of exchange rate changes	<u>-</u>	<u>1,483</u>	<u>(109,650)</u>	<u>(3,394)</u>	<u>-</u>	<u>(111,561)</u>
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 761,101</u>	<u>\$ 2,222,535</u>	<u>\$ 207,320</u>	<u>\$ -</u>	<u>\$ 3,190,956</u>
Carrying amount at December 31, 2020	<u>\$ 174,849</u>	<u>\$ 783,992</u>	<u>\$ 794,388</u>	<u>\$ 212,523</u>	<u>\$ 313,667</u>	<u>\$ 2,279,419</u>

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

Buildings	
Main buildings	20-35 years
Other construction	5-30 years
Machinery and equipment	1-15 years
Other equipment	
Electro-mechanical and system engineering	1-20 years
Other equipment	3-10 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 256,311	\$ 270,905
Buildings	<u>17,980</u>	<u>23,308</u>
	<u>\$ 274,291</u>	<u>\$ 294,213</u>
	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to right-of-use assets	<u>\$ 13,320</u>	<u>\$ 189,753</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,011	\$ 3,640
Buildings	<u>8,428</u>	<u>11,483</u>
	<u>\$ 17,439</u>	<u>\$ 15,123</u>

b. Lease liabilities

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 17,128</u>	<u>\$ 16,053</u>
Non-current	<u>\$ 3,188</u>	<u>\$ 11,505</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	2021	2020
Land	-	-
Buildings	0.79%-6.80%	3.35%-6.80%

c. Material leasing activities and terms

Because of the market conditions severely affected by COVID-19 in 2021, the Group negotiated with the lessor for the lease of the plant. The lessor agreed to unconditionally reduce or exempt the rental amount from January 1 to December 31, 2021. The Group recognized in profit or loss the impact of rent concessions of \$9,616 thousand presented in operating costs for the year ended December 31, 2021.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 20,497</u>	<u>\$ 32,771</u>
Expenses relating to low-value asset leases	<u>\$ 10,085</u>	<u>\$ 13,876</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 19,820</u>	<u>\$ -</u>
Total cash outflow for leases	<u>\$ (61,724)</u>	<u>\$ (130,139)</u>

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

13. SHORT-TERM BORROWINGS

	December 31	
	2021	2020
Bank loans	<u>\$ 954,960</u>	<u>\$ 484,160</u>

The interest rate range of bank loans was 0.74%-1.08% and 0.87%-1.34% for the years ended December 31, 2021 and 2020, respectively.

Borrowings as of December 31, 2020 is jointly guaranteed by Tsai Chia-Hsiang, the chairman of Company. Refer to Note 24 for the details. For details on assets pledged as collateral, refer to Notes 6 and 25.

14. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 280,562	\$ 254,698
Other payables to related parties (Note 24)	7,245	14,965
Payables for purchases of equipment (Note 21)	32,713	14,243
Payables for compensation of employees and remuneration of directors	59,337	56,336
Payables for other expenses	<u>211,479</u>	<u>202,739</u>
	<u>\$ 591,336</u>	<u>\$ 542,981</u>

15. RETIREMENT BENEFIT PLANS

Subsidiaries of the Group in mainland China adopted the pension plan under the act of mainland China, which is a state-managed defined contribution plan. Under the act, an entity makes contributions to pension funds at a specific rate of salaries and wages. Subsidiaries in Singapore, Europe, Malaysia, Vietnam and Mexico adopted the pension plan under the local act, which is a state-managed defined contribution plan. Eson Precision Ind. Co., Ltd. Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA) of the Republic of China, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

16. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of shares issued and fully paid (in thousands)	<u>168,529</u>	<u>168,529</u>
Shares issued	<u>\$ 1,685,289</u>	<u>\$ 1,685,289</u>

Every ordinary share issued with a par value of NT\$10 carries one vote per share and a right to dividends.

As of December 31, 2021, the share capital was both NT\$1,685,289 thousand, divided into 168,529 thousand ordinary shares with a par value of NT\$10.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Issuance of ordinary shares	<u>\$ 2,349,249</u>	<u>\$ 2,349,249</u>

The capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or share dividends up to a certain percentage of the Company's paid-in capital.

c. Retained earnings and dividends policy

- 1) Under the dividends policy as set forth in the Company's Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 17-c.

Besides, according to the Company's Articles, cash dividends distributed should not be less than 50% of the total dividends distributed. The actual distribution ratio is subject to the resolution of the shareholders in the shareholders' meeting.

- 2) The appropriations of the 2020 and 2019 earnings had been approved in the shareholders' meetings on July 7, 2021 and June 19, 2020, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 46,097	\$ 46,368	\$ -	\$ -
Special reserve	97,579	171,342	-	-
Cash dividends	286,499	269,646	1.70	1.60

The Company's shareholders resolved to issue cash dividends of \$33,706 thousand from the capital surplus at \$0.20 dollar per share, in the shareholders' meeting on June 19, 2020.

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 18, 2022. The appropriation and dividends per share were as follows:

	<u>Appropriation</u>	<u>Dividends Per</u>
	<u>of Earnings</u>	<u>Share (NT\$)</u>
Legal reserve	\$ 46,378	\$ -
Special reserve	125,994	-
Cash dividends	235,940	1.40

The appropriation of earnings for 2021 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 24, 2022.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 603,006	\$ 431,664
Appropriations in respect of		
Debit balance of other equity items	<u>97,579</u>	<u>171,342</u>
Balance at December 31	<u>\$ 700,585</u>	<u>\$ 603,006</u>

Upon initial application of IFRS, the amount transferred from accumulated exchange differences to retained earnings was \$158,921 thousand, and the same amount was appropriated to the special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (700,585)	\$ (603,004)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	57,520	229,014
Exchange differences on translation to the presentation currency	<u>(177,897)</u>	<u>(326,595)</u>
Balance at December 31	<u>\$ (820,962)</u>	<u>\$ (700,585)</u>

2) Unrealized loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ -	\$ -
Unrealized loss on investments in equity instruments at FVTOCI	<u>(5,617)</u>	<u>-</u>
Balance at December 31	<u>\$ (5,617)</u>	<u>\$ -</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 5,101	\$ 5,402
Profit for the year	-	(32)
Partial disposal of subsidiaries	(5,101)	-
Other comprehensive loss during the year		
Exchange differences on translation to the presentation currency	<u>-</u>	<u>(269)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 5,101</u>

17. NET PROFIT FROM CONTINUING OPERATIONS

a. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 415,801	\$ 347,665
Right-of-use assets	17,439	15,123
Intangible assets and long-term prepayments for leases	<u>13,673</u>	<u>8,477</u>
	<u>\$ 446,913</u>	<u>\$ 371,265</u>
An analysis of depreciation by function		
Operating costs	\$ 385,037	\$ 303,984
Operating expenses	<u>48,203</u>	<u>58,804</u>
	<u>\$ 433,240</u>	<u>\$ 362,788</u>
An analysis of amortization by function		
Operating costs	\$ 2,242	\$ 416
Operating expenses	<u>11,431</u>	<u>8,061</u>
	<u>\$ 13,673</u>	<u>\$ 8,477</u>

b. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Defined contribution plans	\$ 72,482	\$ 47,762
Other employee benefits	<u>2,108,020</u>	<u>1,741,092</u>
Total employee benefits expense	<u>\$ 2,180,502</u>	<u>\$ 1,788,854</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,496,360	\$ 1,154,632
Operating expenses	<u>684,142</u>	<u>634,222</u>
	<u>\$ 2,180,502</u>	<u>\$ 1,788,854</u>

c. Compensation of employees and remuneration of directors

In accordance with the Articles of the Company, the compensation of employees and remuneration of directors should be distributed at rates of 2% to 8% and no more than 0.5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors of 2021 and 2020 which were approved by the Company's board of directors on March 18, 2022 and March 23, 2021, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	4.0%	4.0%
Remuneration of directors	0.5%	0.5%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees in cash	\$ 25,161	\$ 24,709
Remuneration of directors	3,145	3,089

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors resolved by the Company's board of directors on March 18, 2022 and March 23, 2021 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

18. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 163,229	\$ 127,835
Adjustments for prior years	<u>(20,896)</u>	<u>23,135</u>
	<u>142,333</u>	<u>150,970</u>
Deferred income tax		
In respect of the current year	<u>1,741</u>	<u>122</u>
Income tax expense recognized in profit or loss	<u>\$ 144,074</u>	<u>\$ 151,092</u>

Reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	<u>\$ 607,855</u>	<u>\$ 612,029</u>
Income tax expense calculated at the statutory rate	\$ 143,507	\$ 165,348
Adjustment to expense in determining taxable income	19,722	(37,513)
The origination and reversal of temporary differences	1,741	122
Adjustments for prior years' tax	<u>(20,896)</u>	<u>23,135</u>
Income tax expense recognized in profit or loss	<u>\$ 144,074</u>	<u>\$ 151,092</u>

The applicable tax rate used by subsidiaries of the Group in China was 25%. (Kunshan Eson Precision Engineering Co., Ltd gets a preferential tax rate of 15% for acquiring a high-tech enterprise from 2020 to 2022.) The applicable tax rate used by subsidiaries of the Group in Mexico was 30%, and the applicable tax rate used by subsidiaries of the Group in Singapore was 17%.

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Prepayments for taxes (recorded as other non-current assets)	<u>\$ 16,832</u>	<u>\$ 341</u>
Current tax liabilities		
Income tax payable	<u>\$ 212,570</u>	<u>\$ 232,243</u>

c. Deferred tax assets and liabilities

The movements of deferred tax liabilities were as follows:

2021

Deferred Tax Liabilities	Opening Balance	Effects of Tax Rate Changes	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 100,489	\$ -	\$ 1,681	\$ (2,900)	\$ 99,270
Unrealized foreign exchange gains	451	-	60	-	511
Others	<u>306</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>323</u>
	<u>\$ 101,246</u>	<u>\$ -</u>	<u>\$ 1,741</u>	<u>\$ (2,883)</u>	<u>\$ 100,104</u>

2020

Deferred Tax Liabilities	Opening Balance	Effects of Tax Rate Changes	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences					
Unappropriated earnings of subsidiaries	\$ 105,650	\$ -	\$ -	\$ (5,161)	\$ 100,489
Unrealized foreign exchange gains	329	-	122	-	451
Others	<u>415</u>	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>306</u>
	<u>\$ 106,394</u>	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ (5,270)</u>	<u>\$ 101,246</u>

- d. Information about unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss carryforwards		
Expiry in 2022	\$ 62,734	\$ 62,734
Expiry in 2023	94,850	94,850
Expiry in 2024	115,130	115,130
Expiry in 2025	<u>36,293</u>	<u>-</u>
	<u>\$ 309,007</u>	<u>\$ 272,714</u>

- e. Income tax assessments

The income tax returns of the Company's branch, Eson Precision Ind. Co., Ltd. Taiwan Branch, have been examined and approved by the tax authorities for the years through 2019.

19. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Net profit for the year (in thousands)</u>		
Net profit used in the computation of basic earnings per share	<u>\$ 463,781</u>	<u>\$ 460,969</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares used in the computation of basic earnings per share	168,529	168,529
Effects of potentially dilutive ordinary shares		
Compensation of employees	<u>451</u>	<u>619</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>168,980</u>	<u>169,148</u>
<u>Earnings per share (in dollars)</u>		
Basic earnings per share	<u>\$ 2.75</u>	<u>\$ 2.74</u>
Diluted earnings per share	<u>\$ 2.74</u>	<u>\$ 2.73</u>

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

20. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Kunshan Kuangrui Package Material Co., Ltd. (Kunshan Kangrui)	Packaging material trading and power supply	February 2020	100	\$ <u>7,499</u>

Kunshan Kuangrui Package Material Co., Ltd. were acquired from January 1 to December 31 in order to continue to expand the power supply of the Group (refer to Note 24).

b. Consideration transferred

	Kunshan Kangrui
Cash	\$ <u>7,499</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Kunshan Kangrui
Current assets	
Cash and cash equivalents	\$ 6,021
Trade receivables	2,791
Other current assets	2,278
Current liabilities	
Trade and other payables	<u>(3,591)</u>
	<u>\$ 7,499</u>

d. Net cash outflow on the acquisition of subsidiaries

	Kunshan Kangrui
Consideration paid in cash	\$ 7,499
Less: Cash and cash equivalent balances acquired	<u>(6,021)</u>
	<u>\$ 1,478</u>

e. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Kunshan Kangrui
Revenue	\$ <u> -</u>
Profit (loss)	\$ <u>(27,473)</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$9,889,935 thousand, and the profit would have been \$460,920 thousand for January 1 to December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020, nor is it intended to be a projection of future results.

21. NON-CASH TRANSACTIONS

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2021	2020
Investing and financing activities that have no effect on the cash flows		
Cumulative translation adjustments	\$ <u>(120,377)</u>	\$ <u>(97,581)</u>
Acquisition of property, plant and equipment by cash		
Increase in property, plant and equipment during the year	\$ 1,098,741	\$ 545,286
Add: Payables for equipment on January 1	14,243	10,596
Less: Payables for equipment on December 31	<u>(32,713)</u>	<u>(14,243)</u>
Acquisition of property, plant and equipment by cash	\$ <u>1,080,271</u>	\$ <u>541,639</u>

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure it has sufficient necessary financial resources and operational plan to meet the needs of operating funds, capital expenditures, debt repayments and dividend distribution within the next 12 months.

23. FINANCIAL INSTRUMENTS

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

The carrying amounts of financial assets and financial liabilities not measured at fair value in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive Foreign unlisted shares	\$ -	\$ -	\$ 4,799	\$ 4,799

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive Foreign unlisted shares	\$ -	\$ -	\$ 10,478	\$ 10,478

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

The fair values of unlisted equity securities were determined using the asset-based approach. The significant unobservable inputs are the liquidity discount of multiplier of price-book ratio and value of net assets. An increase in price-book ratio would result in an increase in the fair value. An increase in liquidity discount would result in a decrease in the fair value.

c. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Cash and cash equivalents	\$ 1,853,404	\$ 2,444,074
Financial assets at amortized cost - current	203,110	872,039
Notes receivable	-	1,746
Accounts receivable	1,876,451	1,646,513
Accounts receivable due from related parties	563,657	597,492
Other receivables	36,223	17,823
Financial assets at FVTOCI	4,799	10,478
Financial assets at amortized cost - non-current	5,360	70,882
Refundable deposits	21,644	20,104
<u>Financial liabilities</u>		
Short-term borrowings	954,960	484,160
Accounts payable	2,235,179	2,416,052
Accounts payable to related parties	10,460	11,628
Other payables	591,336	542,981

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost - current, notes receivable, and accounts receivable, etc.

The Group did not trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities, including monetary items which are offset and valued in non-functional currency on the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to fluctuations of the RMB and U.S. dollar currency pair.

The following table details the Company's sensitivity to a 1% increase and decrease in the RMB against the U.S. dollar. The sensitivity analysis included borrowings within the Group and the borrowings are not evaluated at the functional currencies of creditors and debtors. A negative number below indicates an increase in pre-tax profit associated with the RMB strengthening 1% against the U.S. dollar. For a 1% weakening of RMB against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Impact of U.S. Dollars	
	For the Year Ended December 31	
	2021	2020
Profit or loss*	\$ 20,100	\$ 12,230

* This was mainly attributable to the exposure outstanding on U.S. dollar - denominated accounts receivable, other receivables, accounts payable and other payables which were not hedged at the end of the reporting period.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair values of financial instruments arising from the changes in market rates. The Group's interest rate risk arises primarily from floating rate borrowings.

Short-term borrowings which the Company entered into are at floating rates. The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial liabilities	\$ 954,960	\$ 484,160

The sensitivity analysis below was determined based on the fluctuations in fair value of the Group's variable-rate borrowings at the end of the reporting period. If interest rates had been higher/lower by one percentage, the Group's cash flows for the years ended December 31, 2021 and 2020 would have decreased/increased by \$9,550 thousand and \$4,842 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties that are rated the equivalent of investment grade and above. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties, and credit exposure is controlled by counterparty limits that are reviewed and approved regularly.

The Group transacts with a large number of customers spread across diverse industries and geographical locations. The Group continuously monitors and assesses the financial conditions of customers with accounts receivable due.

3) Liquidity risk

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

a) Liquidity and interest rate risk table

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

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2021

	Weighted-Average Effective Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>					
Variable interest rate instruments	0.89	\$ 318,320	\$ 636,640	\$ -	\$ -
Lease liabilities	3.60	<u>1,766</u>	<u>3,550</u>	<u>11,812</u>	<u>3,188</u>
		<u>\$ 320,086</u>	<u>\$ 640,190</u>	<u>\$ 11,812</u>	<u>\$ 3,188</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 17,508	\$ 3,210	\$ -	\$ -	\$ -	\$ -
Variable interest rate instruments	<u>956,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 974,461</u>	<u>\$ 3,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Weighted-Average Effective Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>					
Variable interest rate instruments	0.93	\$ 28,480	\$ 28,480	\$ 427,200	\$ -
Lease liabilities	4.65	<u>1,696</u>	<u>3,410</u>	<u>10,947</u>	<u>11,505</u>
		<u>\$ 30,176</u>	<u>\$ 31,890</u>	<u>\$ 438,147</u>	<u>\$ 11,505</u>

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 16,957	\$ 11,750	\$ -	\$ -	\$ -	\$ -
Variable interest rate instruments	<u>485,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 502,358</u>	<u>\$ 11,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing limit

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Bank credit limit		
Amount used	\$ 954,960	\$ 484,160
Amount unused	<u>1,819,240</u>	<u>2,352,277</u>
	<u>\$ 2,774,200</u>	<u>\$ 2,836,437</u>

24. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, revenue and expenses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. The names and the relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Tsai Chia Hsiang	The chairman of company
Wu Maozeng	Related party
Kunshan Kuangrui Package Material Co., Ltd. (Kunshan Kangrui) (Note)	Other related party (before January 2020)
Hon Hai Precision Industry Co., Ltd. and its subsidiaries (Hon Hai and its subsidiaries)	Investor company and its subsidiaries that account for the Company using the equity method
Foxconn Technology Co., Ltd. (Foxconn and its subsidiaries)	Related party (since July 2021 to October 2021)

Note: After Global Sun acquired 100% equity on February 2020, it was included in the consolidated statement entity.

b. Operating transactions

Sales of Goods	For the Year Ended December 31	
	2021	2020
Hon Hai and its subsidiaries	\$ 2,545,831	\$ 2,076,525
Foxconn and its subsidiaries	<u>1,896</u>	<u>-</u>
	<u>\$ 2,547,727</u>	<u>\$ 2,076,525</u>

Price and terms were determined in accordance with mutual agreements.

Purchase of Goods	For the Year Ended December 31	
	2021	2020
Hon Hai and its subsidiaries	\$ 53,435	\$ 35,851
Foxconn and its subsidiaries	<u>18</u>	<u>-</u>
	<u>\$ 53,453</u>	<u>\$ 35,851</u>

Price and terms were determined in accordance with mutual agreements.

Balances of receivables from related parties at the end of the reporting period are as follows:

Accounts Receivable	December 31	
	2021	2020
Hon Hai and its subsidiaries	<u>\$ 563,657</u>	<u>\$ 597,492</u>

For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

Balances of payables to related parties at the end of the reporting period are as follows:

Accounts Payable	December 31	
	2021	2020
Hon Hai and its subsidiaries	\$ <u>10,460</u>	\$ <u>11,628</u>

Other Payables	December 31	
	2021	2020
Hon Hai and its subsidiaries	\$ <u>7,245</u>	\$ <u>14,965</u>

The balances of outstanding payables to related parties are unsecured and will be paid by cash. No guarantees are held on receivables from related parties.

Other payables mainly refer to payables for equipment, rent and human resource expense, etc.

c. Acquisition of financial assets

For the year ended December 31, 2020

Related Party Category/Name	Line Item	Underlying Assets	Purchase Price
Wu Maozeng	Subsidiary	Kunshan Kangrui	\$ <u>7,499</u>

The purchase prices were determined in accordance with the recently audited financial statement.

d. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 16,188	\$ 17,203
Post-employment benefits	<u>256</u>	<u>398</u>
	<u>\$ 16,444</u>	<u>\$ 17,601</u>

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

e. Endorsements and guarantees

Endorsements and guarantees given by related parties

The related party of the Group refers to the joint guarantor of Global Sun and Eson Singapore of the Group. Details of the joint guarantee are as follows:

Name of Related Party	Nature of Joint Guarantee	December 31	
		2021	2020
Tsai Chia-Hsiang	Short-term borrowing	\$ <u>-</u>	\$ <u>484,160</u>

f. Lease arrangements

Name of Related Party	December 31	
	2021	2020
Payments for right-of-use assets Tsai Chia Hsiang	\$ <u>5,872</u>	\$ <u>-</u>

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the tariffs of imported materials, as guarantee deposits for electricity and bank borrowings:

	December 31	
	2021	2020
Pledge deposits (classified as financial assets at amortized cost)	\$ <u>15,330</u>	\$ <u>12,808</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 were as follows:

a. Unrecognized commitments of the Group are as follows:

	December 31	
	2021	2020
Acquisition of land-use rights	\$ <u>348,007</u>	\$ <u>582,599</u>

- b. Suntool Co., Ltd. had a product dispute with its client, leading to the possibility of US\$300 thousand in uncollectible accounts receivable. Furthermore, the client of Suntool's client demanded an additional compensation for damage that amounted to CAD4,000 thousand, and the litigation is still going. Suntool Co., Ltd. has recognized a full impairment loss for the total amount of receivables. In addition, Suntool Co., Ltd. assessed that compensation is very unlikely to occur and thus did not assess the related losses. Suntool Co., Ltd. obtained the documentation for the approval of dissolution on October 23, 2018 which approved the dissolution on September 18, 2018 after related debt declaration and dissolution procedures were completed.

27. SIGNIFICANT LOSSES FROM DISASTERS

No such situation had taken place.

28. OTHER ITEMS

The operations of the Group had not been affected by the COVID-19 pandemic in 2021; however, the Group's operations had been affected by the COVID-19 pandemic in 2020, while some of the Group's operating sites had temporarily suspended their operations. Nevertheless, operations quickly resumed, and the Group was not seriously affected by the pandemic. All of the Group's subsidiaries have resumed normal operations by the end of 2020. In this regard, the Group assessed that the overall business and financial aspects have not been significantly affected, and there are no doubts about the ability to continue operations, asset impairment and financing risks.

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such situation had taken place.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Others: Intercompany relationships and significant intercompany transactions (Table 6)
- 11) Information on investees (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Not applicable):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

- c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 77,489	6.38 (USD:RMB)	\$ 2,144,896	\$ 45,311	6.52 (USD:RMB)	\$ 1,290,457
<u>Financial liabilities</u>						
Monetary items						
USD	4,873	6.38 (USD:RMB)	134,885	2,369	6.52 (USD:RMB)	67,469

32. SEGMENT INFORMATION

The chief operating decision maker considers the design, development, manufacture and sales segments of products such as mold, plastic, and hardware goods as individual operating segments. However, these individual operating segments will be aggregated into a single operating segment when preparing the consolidated financial statements as operating profit or loss is measured and is the basis of performance assessment, and the basis of measurement is the same as the basis used in preparing the consolidated financial statements. For revenue and operating results of related segments, refer to the consolidated statements of comprehensive income.

- a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2021	2020
TV mechanical parts	\$ 5,092,982	\$ 4,067,387
Automobile mechanical parts	4,033,012	3,023,777
Server mechanical parts	2,139,873	1,790,218
Molds and others	<u>776,578</u>	<u>1,008,553</u>
	<u>\$ 12,042,445</u>	<u>\$ 9,889,935</u>

b. Geographical information

The Group operates in two principal geographical areas - China, Asia and the Americas.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
China	\$ 3,251,527	\$ 3,199,391	\$ 1,145,802	\$ 1,132,418
The Americas and Asia	6,149,655	4,868,161	1,740,218	1,126,171
Others	<u>2,641,263</u>	<u>1,822,383</u>	<u>760,946</u>	<u>481,720</u>
	<u>\$ 12,042,445</u>	<u>\$ 9,889,935</u>	<u>\$ 3,646,966</u>	<u>\$ 2,740,309</u>

Non-current assets exclude financial assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue on the statements of comprehensive income for the years ended 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Customer C	<u>\$ 3,205,814</u>	<u>\$ 2,663,054</u>
Customer A	<u>\$ 2,545,831</u>	<u>\$ 2,076,525</u>
Customer B	<u>\$ 2,024,072</u>	<u>\$ 1,453,294</u>
Customer D	<u>\$ 1,939,428</u>	<u>\$ 1,785,209</u>

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Global Sun Trading Co., Ltd.	Eson Batupahat Precision Engineering Sdn. Bhd.	Other receivables due from related parties	Yes	\$ 171,210 (US\$ 6,000,000)	\$ 138,400 (US\$ 5,000,000)	\$ 138,400 (US\$ 5,000,000)	-	b	\$ -	Fund management within the Group	-	-	\$ -	\$ 4,522,813	\$ 6,784,220
2	Multiwin Precision Ind Pte. Ltd.	Eson Batupahat Precision Engineering Sdn. Bhd.	-	Yes	28,535 (US\$ 1,000,000)	- (US\$ -)	- (US\$ -)	-	b	-	"	-	-	-	658,974	878,632
3	Zeal International Co., Ltd.	Global Sun Trading Co., Ltd.	Other receivables due from related parties	Yes	142,675 (US\$ 5,000,000)	138,400 (US\$ 5,000,000)	138,400 (US\$ 5,000,000)	-	b	-	"	-	-	-	331,513	378,872
4	Ample Wealth Enterprise Ltd.	Global Sun Trading Co., Ltd.	Other receivables due from related parties	Yes	199,745 (US\$ 7,000,000)	193,760 (US\$ 7,000,000)	193,760 (US\$ 7,000,000)	-	b	-	"	-	-	-	822,606	1,096,808
5	Unique Champion Co., Ltd.	Global Sun Trading Co., Ltd.	Other receivables due from related parties	Yes	142,675 (US\$ 5,000,000)	138,400 (US\$ 5,000,000)	138,400 (US\$ 5,000,000)	-	b	-	"	-	-	-	382,823	612,516

Note 1: Financing of the parent company and subsidiaries of the Group should be shown in two tables and numbered in the "number" column. Fill in as follows:

- The number 0 represents the parent company.
- The subsidiaries are numbered successively from 1.

Note 2: Nature of financing is numbered as follows:

- "a" if there are business transactions.
- "b" if there are short-term financing needs.

Note 3: According to the regulatory procedures for financing provided to others of the parent company of the Group.

Global Sun Trading Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 150% of the net asset value of the company; limit on financing granted by a subsidiary to a single party is 100% of the net asset value of the company.

Multiwin Precision Ind Pte. Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 80% of the net asset value of the company; limit on financing granted by a subsidiary to a single party is 60% of the net asset value of the company.

Zeal International Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 800% of the net asset value of the company; limit on financing granted by a subsidiary to a single party is 700% of the net asset value of the company.

Ample Wealth Enterprise Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 800% of the net asset value of the company; limit on financing granted by a subsidiary to a single party is 600% of the net asset value of the company.

Unique Champion Co., Ltd.: According to the regulatory procedures for financing between subsidiaries of the Group, the policy for financing granted by companies of which the parent company of the Group directly or indirectly holds 100% of their voting shares is as follows: Total financing limit granted by subsidiaries is 400% of the net asset value of the company; limit on financing granted by a subsidiary to a single party is 250% of the net asset value of the company.

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Securities Issuer (Note 2)	Financial Statement Account	December 31, 2021				Note (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Kunshan Eson Precision Engineering Co., Ltd.	Shares Jiangsu Engao Optical Material Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 4,799 (RMB 1,105,727)	8	\$ 4,799 (RMB 1,105,727)	-

Note 1: Marketable securities in the table above refer to shares, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 "Financial Instruments".

Note 2: Column left blank if the securities issuer is not a related party.

Note 3: For securities measured at fair value, carrying amount at fair value after valuation adjustments and deductions of allowance for impairment loss is shown; for securities not measured at fair value, carrying amount at amortized cost deducted by allowance for impairment loss is shown.

Note 4: The number and amount of shares provided as guarantees or pledged as collateral for borrowings as well as their situation of restricted use should be indicated in the Note column for restricted marketable securities that are pledged as collateral for borrowings or other arrangements.

Note 5: Refer to Tables 7 and 8 for related information on investments in subsidiaries, affiliates and joint ventures.

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Global Sun Trading Co., Ltd.	Shares Eson (VN) Precision Industry Co., Ltd.	Investment using the equity method	Issuance of ordinary shares for cash	Parent company and subsidiary	15,000,000	\$ 444,450 (US\$ 15,000,000)	US\$ 12,500,000 (Note 5)	\$ 353,900 (US\$ 12,500,000)	-	\$ -	\$ -	\$ -	US\$ 27,500,000 (Note 5)	\$ 798,350 (US\$ 27,500,000)

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

Note 2: If the securities are accounted for using the equity method, the two columns 'Counterparty' and 'Relationship' are filled in; otherwise, the columns are left blank.

Note 3: The accumulated amount of acquisition or disposal should be calculated separately if the market prices amount to at least NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent company. The regulation about 20% of the paid-in capital is calculated by 10% of equity attributable to owners of the Company on the balance sheets for shares with no par value or with par value other than NT\$10.

Note 5: It is listed based on the original investment amount.

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Kunshan Eson Precision Engineering Co., Ltd.	Zeal International Co., Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	\$ (1,217,238) (RMB -280,379,485)	(22.92)	Net 60 days from invoice date	\$ -	-	\$ 392,996 (RMB 90,547,368)	21.54	
	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Sales	(894,667) (RMB -206,078,283)	(16.84)	Net 90 days from invoice date	-	-	556,592 (RMB 128,240,325)	30.51	
	Eson Precision Industry (Singapore) Pte. Ltd.	Hon Hai Company as the ultimate parent company	Revenue from services	(169,684) (RMB -39,085,122)	(3.19)	Net 90 days from invoice date	-	-	82,908 (RMB 19,102,200)	4.54	
Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	Processing revenue	(1,524,437) (MXN -1,103,989,613)	(99.93)	Net 30 days from invoice date	-	-	121,955 (MXN 90,099,866)	100.00	
Eson Precision Industry (Singapore) Pte. Ltd.	eCMMS Precision Singapore Pte. Ltd.	Hon Hai Company as the ultimate parent company	Sales	(2,165,394) (US\$ -77,310,633)	(38.29)	Net 60 days from invoice date	-	-	438,592 (US\$ 15,845,086)	41.67	
Yantai Zhengyi Precision Electronic Co., Ltd.	Hongfujin Precision Electronics (Yantai) Co., Ltd.	Hon Hai Company as the ultimate parent company	Sales	(110,475) (RMB -25,446,867)	(56.08)	Net 90 days from invoice date	-	-	41,453 (RMB 9,550,784)	53.17	

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2021

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Kunshan Eson Precision Engineering Co., Ltd.	Zeal International Co., Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	\$ 392,996 (RMB 90,547,368)	5.9	\$ -	-	\$ 115,426 (RMB 26,594,518)	\$ -
	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	556,592 (RMB 128,240,325)	4.04	-	-	55,262 (RMB 12,732,464)	-
	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	82,908 (RMB 19,102,200)	3.54	-	-	- (RMB -)	-
Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	Indirect second-tier subsidiary of the ultimate parent company with 100% ownership	121,955 (MXN 90,099,866)	17.95	-	-	121,955 (MXN 90,099,866)	-
Eson Precision Industry (Singapore) Pte. Ltd.	eCMMS Precision Singapore Pte. Ltd.	Hon Hai Company as the ultimate parent company	438,592 (US\$ 15,845,806)	7.05	-	-	417,123 (US\$ 15,069,457)	-

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Kunshan Eson Precision Engineering Co., Ltd.	Zeal International Co., Ltd.	c	Operating revenue	\$ 1,217,238	Net 60 days from invoice date	10
				Trade receivables from related parties	392,996		4
		Eson Precision Industry (Singapore) Pte. Ltd.	c	Operating revenue	894,667	Net 90 days from invoice date	7
				Trade receivables from related parties	556,592		6
				Other operating revenue	169,684	Net 90 days from invoice date	1
				Other receivables from related parties	82,908		1
2	Multiwin de Mexico S.A. de C.V.	Eson Precision Industry (Singapore) Pte. Ltd.	c	Processing revenue	1,524,437	Net 30 days from invoice date	13
				Trade receivables from related parties	121,955		1

Note 1: Information of transactions between the Company and the subsidiaries should be indicated in the "Number" column as follows.

- a. 0 represents the parent company.
- b. The subsidiaries are numbered in order from 1.

Note 2: The three types of counterparty relationships are indicated as follows:

- a. The parent company to the subsidiary.
- b. The subsidiary to the parent company.
- c. The subsidiary to another subsidiary.

Note 3: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

Note 4: Only transactions with related parties amounting to at least NT\$100 million or 20% of the paid-in capital are disclosed.

Note 5: Refer to Table 1 for financing provided to others.

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (Note 1)	%	Carrying Amount			
Eson Precision Ind. Co., Ltd.	Multiwin Precision Ind Pte. Ltd.	Singapore	Sales of molds, plastic products, and hardware products and investment holding	\$ 574,992 (US\$ 19,800,001)	\$ 574,992 (US\$ 19,800,001)	US\$ 19,800,001	100.00	\$ 1,098,290 (US\$ 39,678,113)	\$ 98,944 (US\$ 3,532,575)	\$ 98,944 (US\$ 3,532,575)	
	Global Sun Trading Co., Ltd.	Mauritius	Investment holding	2,248,539 (US\$ 76,427,570)	2,248,539 (US\$ 76,427,570)	US\$ 76,427,570	100.00	4,514,593 (US\$ 163,099,473)	410,658 (US\$ 14,661,657)	411,980 (US\$ 14,708,861)	
	All Spacer Enterprises Co., Ltd.	Samoa Islands	Investment holding	617,355 (US\$ 21,182,220)	617,355 (US\$ 21,182,220)	US\$ 21,182,220	100.00	384,568 (US\$ 13,893,369)	(9,799) (US\$ -349,846)	(9,799) (US\$ -349,846)	
	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic products, and hardware products	5,808 (US\$ 200,000)	5,808 (US\$ 200,000)	US\$ 200,000	0.71	5,632 (US\$ 203,461)	69,274 (US\$ 2,473,276)	492 (US\$ 17,560)	
Global Sun Trading Co., Ltd.	Heng Xie Enterprises Limited	Hong Kong	Investment holding	1,935,923 (HK\$ 495,280,151)	1,935,923 (HK\$ 495,280,151)	HK\$ 495,280,151	100.00	2,722,216 (US\$ 98,345,949)	132,035 (US\$ 4,714,023)	132,035 (US\$ 4,714,023)	
	Eson Europe S.R.O.	Slovakia	Investment holding	189,672 (US\$ 6,187,548)	189,672 (US\$ 6,187,548)	US\$ 6,187,548	100.00	(3,929) (US\$ -141,944)	(13,260) (US\$ -473,412)	(13,260) (US\$ -473,412)	
	Grand Liberty Co., Ltd.	Mauritius	Investment holding	736,746 (US\$ 24,100,000)	736,746 (US\$ 24,100,000)	US\$ 24,100,000	100.00	403,957 (US\$ 14,593,824)	11,483 (US\$ 409,960)	11,483 (US\$ 409,960)	
	Koinya Co., Ltd. (Note 3)	Mauritius	Investment holding	- (US\$ -)	1,742 (US\$ 59,805)	US\$ -	-	- (US\$ -)	- (US\$ -)	- (US\$ -)	
	Ample Wealth Enterprise Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	US\$ 1	100.00	137,101 (US\$ 4,953,056)	80,569 (US\$ 2,876,535)	80,569 (US\$ 2,876,535)	
	Zeal International Co., Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	US\$ 1	100.00	47,359 (US\$ 1,710,964)	2,213 (US\$ 79,025)	2,213 (US\$ 79,025)	
	Eson Precision Industry (Singapore) Pte. Ltd.	Singapore	Sales of molds, plastic products, and hardware products	571,805 (US\$ 19,000,000)	571,805 (US\$ 19,000,000)	US\$ 19,000,000	100.00	1,350,399 (US\$ 48,786,090)	277,756 (US\$ 9,916,678)	277,756 (US\$ 9,916,678)	
	Eson (VN) Precision Industry Co., Ltd.	Vietnam	Production and sales of molds, plastic products and hardware products	798,350 (US\$ 27,500,000)	444,450 (US\$ 15,000,000)	US\$ 27,500,000	100.00	693,011 (US\$ 25,036,540)	(71,028) (US\$ -2,535,882)	(71,028) (US\$ -2,535,882)	
Multiwin Precision Ind Pte. Ltd.	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic products, and hardware products	726,917 (US\$ 24,800,000)	726,917 (US\$ 24,800,000)	US\$ 24,800,000	87.94	697,548 (US\$ 25,200,451)	69,274 (US\$ 2,473,276)	63,866 (US\$ 2,280,202)	
	Eson Precision Engineering (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sales of molds, plastic products, and hardware products	259,737 (US\$ 8,156,255)	259,737 (US\$ 8,156,255)	US\$ 8,156,255	100.00	237,594 (US\$ 8,583,586)	(11,191) (US\$ -399,533)	(11,191) (US\$ -399,533)	
	Eson Batupahat Precision Engineering Sdn. Bhd.	Malaysia	Manufacture and sales of molds, plastic products, and hardware products	154,703 (US\$ 4,725,193)	154,703 (US\$ 4,725,193)	US\$ 4,725,193	100.00	197,036 (US\$ 7,118,343)	46,585 (US\$ 1,663,203)	46,585 (US\$ 1,663,203)	
Grand Liberty Co., Ltd.	Unique Champion Co., Ltd.	Mauritius	Sales of molds, plastic products, and hardware products	- (US\$ 1)	- (US\$ 1)	US\$ 1	100.00	153,129 (US\$ 5,532,135)	19,223 (US\$ 686,311)	19,223 (US\$ 686,311)	
Eson Europe S.R.O.	Eson Slovakia A.S.	Slovakia	Sales of molds, plastic products, and hardware products	167,485 (US\$ 5,749,579)	167,485 (US\$ 5,749,579)	US\$ 5,749,579	100.00	52,555 (US\$ 1,898,652)	(1,320) (US\$ -47,142)	(1,320) (US\$ -47,142)	
All Spacer Enterprises Co., Ltd.	Kong Eagle International Limited.	Hong Kong	Investment holding	234,907 (HK\$ 60,465,117)	234,907 (HK\$ 60,465,117)	HK\$ 60,465,117	100.00	353,146 (US\$ 12,758,167)	(11,060) (US\$ -394,869)	(11,060) (US\$ -394,869)	
	Zenith Profits Co., Ltd.	Mauritius	Sales of molds and hardware products	- (US\$ 1)	- (US\$ 1)	US\$ 1	100.00	2,889 (US\$ 104,367)	(248) (US\$ -8,848)	(248) (US\$ -8,848)	
	Blackyotta Inc.	U.S.A.	Sales of molds, plastic products, and hardware products	5,965 (US\$ 200,000)	5,965 (US\$ 200,000)	US\$ 200,000	100.00	7,859 (US\$ 283,922)	1,546 (US\$ 55,214)	1,546 (US\$ 55,214)	
Eson Precision Industry (Singapore) Pte. Ltd.	Multiwin de Mexico S.A. de C.V.	Mexico	Manufacture of molds, plastic products, and hardware products	89,472 (US\$ 3,200,000)	-	US\$ 3,200,000	11.35	90,029 (US\$ 3,252,503)	69,274 (US\$ 2,473,276)	4,916 (US\$ 175,514)	

Note 1: The original investment amount is shown.

Note 2: Refer to Table 8 for information on investments in mainland china.

Note 3: Koinya Co., Ltd. has been closed.

ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES

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

1. The name of the investee in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, share of profits/losses of investee, ending balance, and amount received as dividends from the investee:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Investor Company	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 3)	Remittance of Funds (Note 3)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 3)	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
						Outward	Inward						
Kunshan Eson Precision Engineering Co., Ltd.	Design, development, manufacture, and sales of molds, plastic products, and hardware products	\$ 1,543,839 (US\$ 52,010,000)	b	Heng Xie Enterprises Limited	\$ 1,543,839 (US\$ 52,010,000)	\$ -	\$ -	\$ 1,543,839 (US\$ 52,010,000)	100.00	\$ 119,399 (US\$ 4,262,869)	\$ 119,399 (US\$ 4,262,869)	\$ 2,513,083 (US\$ 90,790,553)	\$ -
Yantai Zhengyi Precision Electronic Co., Ltd.	Design, development, manufacture, and sales of molds, plastic products, and hardware products	162,998 (US\$ 5,000,000)	b	Heng Xie Enterprises Limited	335,234 (US\$ 11,200,000)	-	172,236 (US\$ 6,200,000)	162,998 (US\$ 5,000,000)	100.00	12,709 (US\$ 453,758)	12,709 (US\$ 453,758)	197,532 (US\$ 7,136,266)	-
Wuxi Singuan Metal Science & Technology Co., Ltd.	Design, development, manufacture, and sales of molds, plastic products, and hardware products	691,635 (US\$ 23,000,000)	b	Grand Liberty Co., Ltd.	691,635 (US\$ 23,000,000)	-	-	691,635 (US\$ 23,000,000)	100.00	(7,492) (US\$ -267,496)	(7,492) (US\$ -267,496)	248,632 (US\$ 8,982,376)	-
Dongguan Yihong Precision Mould Co., Ltd.	Sales and Manufacture of precision molds and hardware products	224,242 (US\$ 7,710,000)	b	Kong Eagle International Limited	224,242 (US\$ 7,710,000)	-	-	224,242 (US\$ 7,710,000)	100.00	(10,984) (US\$ -392,153)	(10,984) (US\$ -392,153)	352,158 (US\$ 12,722,460)	-
Kunshan Kuangrui Package Material Co., Ltd.	Packaging material trading and power supply	7,499 (US\$ 250,000)	b	Global Sun Trading Co., Ltd.	7,499 (US\$ 250,000)	-	-	7,499 (US\$ 250,000)	100.00	(163) (US\$ -5,821)	(163) (US\$ -5,821)	7,246 (US\$ 261,768)	-

2. Limit on investments in mainland China: Not applicable.

Note 1: Investment methods are classified into the following three categories:

- Directly invest in a company in mainland China.
- Indirect investment in an investee in mainland China through investment in a holding company registered in a third area (the holding company registered in the third area is specified).
- Other methods.

Note 2: The investment gain (loss) recognized is based on the audited financial statements of the investee company.

Note 3: It refers to the amount invested by the holding companies registered in a third area.

TABLE 9**ESON PRECISION IND. CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Golden Harvest Management Limited	44,613,345	26.47
Ace Progress Holdings Limited	15,351,375	9.11
Investment Account under the Custody of Taishin Bank Ltd.	9,365,000	5.55

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

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