Stock code：1528

ANDERSON INDUSTRIAL CORP.

Year 2021

Annual Report

Date:May 8, 2022

Annual Report Website: http://mops.twse.com.tw/

1. Report to Shareholders

I. Operation Results of 2021

The operating income of the Company in 2021 was 3,587,606 thousand, an increase of 376,660 thousand or approximately 12% compared with the operating income in 2020. Gross operating profit in 2021 was 928,253 thousand, an increase of 73,767 thousand or about 9% over that in 2020.

The operating expenses in 2021 were 857,357 thousand, a decrease of approximately 128,870 thousand compared with that in 2020; therefore, the operating net profit in 2021 was 70,896 thousand, an increase of approximately 202,637 thousand compared with that in 2020. The company's pre-tax net profit in 2021 was 277,835 thousand, which turned into profit compared with 2020.

1. The outcome of business plan

Consolidated Financial Statement Currency unit: NTD1,000

	2021		2020		Change	
	Amount	%	Amount	%	Amount	%
Net sale	3,587,606	100	3,210,946	100	376,660	12
Gross profit	928,253	26	854,486	27	73,767	9
Operating expense	857,357	24	986,227	31	(128,870)	(13)
Operating Income(loss)	70,896	2	(131,741)	(4)	202,637	154
Non-operating income (expense) - net	206,939	6	6,206	0	200,733	3,234
Earnings (loss) before taxation	277,835	8	(125,535)	(4)	403,370	321
Earnings (loss) in current period	218,972	6	(118,019)	(4)	336,991	286
Shareholders' equity attributable to parent company	218,222	6	(118,733)	(4)	336,955	284

2. Budget execution：Not applicable

3. Analysis of income position and profitability

Currency unit: NTD1,000

<table>
<tr><th colspan="3">Item</th><th>2021</th><th>2020</th></tr>
<tr><td rowspan="4">Income position</td><td colspan="2">Operating income</td><td>70,896</td><td>(131,741)</td></tr>
<tr><td colspan="2">Non-operating income (loss) – net</td><td>206,939</td><td>6,206</td></tr>
<tr><td colspan="2">Earnings before taxation</td><td>277,835</td><td>(125,535)</td></tr>
<tr><td colspan="2">Earnings in current period</td><td>218,972</td><td>(118,019)</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">ROA%</td><td>4.85</td><td>(1.81)</td></tr>
<tr><td colspan="2">ROE%</td><td>9.79</td><td>(5.20)</td></tr>
<tr><td rowspan="2">Ratio to paid-in capital</td><td>Operating income</td><td>3.56</td><td>(6.61)</td></tr>
<tr><td>Earnings before taxation</td><td>13.94</td><td>(6.30)</td></tr>
<tr><td colspan="2">Net profit rate%</td><td>6.10</td><td>(3.68)</td></tr>
<tr><td colspan="2">EPS in NTD</td><td>1.14</td><td>(0.61)</td></tr>
</table>

4. R&D result

R&D projects completed in 2021:

(1) Precision Machinery Factory:

1. Development of automatic door panel processing machine
2. New version of Nesting Router development
3. Development of automated warehousing system
4. Development of smart sorting system

(2) Inkjet Machinery Factory:

5. Development plan of intelligent digital inkjet printer for packaging boxes
6. Development of mask inkjet printer

(3) Spindle factory:

7. Development of ultrasonic HSK63F DC central jet spindle

II. Production and sale policy and business objective in 2021

1. Precision machinery

Continuously improve the function and machining accuracy of high-end technology five-axis equipment. The North American market continues to maintain the channels of existing precision machinery agents and accelerate the expansion of aerospace and composite materials applications. The user operation interface AGMVP is used in different controller systems, which can effectively set up technological differences with market competitors, more effectively provide the integration capabilities of Industry 4.0, and a major technological breakthrough in automation and ease of use.

The South American market will transfer key technologies and main production back to China in 2020, standardize the product line, reorganize the local operation model and reorganize the organization, establish a new sales team in the cooked rice market to enter South America, and have produced results in 2021. In 2022, in addition to low-level standardized products, it is expected to strengthen the expansion of the mid-level market and standardized CNC-related markets to support the Brazilian carpentry-related market.

In the New Zealand and Australia region, the competition in the panel furniture market is becoming increasingly fierce, and new competitors are increasing. At present, the introduction of the high-end linear motor Ende's own technology product line is driven by the integration of existing products and entry product lines.

In the Asia-Pacific region, according to the needs of various markets, we will continue to provide flexible product selection, integrate automation capabilities to provide services, and increase the added value of products. The yacht industry has made breakthroughs to enter the mainland market, thereby planning for the expansion of new markets in the future. At present, there are many loopholes in the integration ability of mainland competitors in the door panel line, which is still incomplete. It provides Ende time and space to enter the market but there are still opportunities.

In addition to the existing agents in the European region, the UK / Ireland / Switzerland / Italy continues to deepen the timber market, and through the acquisition of MATEC Germany, new channels have been acquired and reserves have entered the aerospace / composite application field. In 2022, the main products will be certified by TUV CE certification. This certification can also be applied to new product development.

In 2021, the number of CNC precision machining centers reached 603. It is estimated that the number of sales in 2022 will be 607, which can grow by 1%.

2. Electronic Machine Plant (Sogotec)

The electronic machinery factory will continue to carry out the “three-year three-way” operation plan from 2022: “product-refinement”; “market-customization”; “service-intelligence”.

In the next three years, among the existing printed circuit board products, the drilling machine has officially ceased production after consuming stock parts in the first half of 2018. The original drilling machine R & D manpower will do its utmost to improve the performance of the molding machine. In addition to introducing the new AC electric spindle developed by Ende, the processing accuracy will be improved and the product will be refined. In order to get rid of competitors vicious price cut competition.

The alliance between different industries and ODM OEM will lay the foundation for the first three years and strive for more joint development opportunities for advanced processes. In addition to the original foreign cooperation in high-precision ODM machinery, it also combines laser, inkjet, software, automation and other capabilities within the group. Strengthen customized kinetic energy, and expect to reach the leading position in the industry.

With the continuous fermentation of Industry 4.0, the automation department continues to target traditional industries as the target market, providing customers with a more intelligent service benefit from the production line, so as to help customers reduce management costs. On the other hand, in order to meet the needs of the original PCB industry to be fully intelligent, the automation department plans to upgrade the existing product intelligent mechanism to meet market demand in the next three years, and use existing technologies to increase the application level of expansion from the traditional PCB industry. The application expands to the solar thin film production line.

In 2021, the number of electronic machinery sales reached 293, and the number of sales is expected to be 369 in 2022, with a sales growth of about 26%.

3. Seiko machine

MATEC and AEC products are in cutting-edge industries, mainly in Aerospace, Automotive and Advance material. Due to the impact of COVID-19 in 2020, revenue and profit will decline significantly. However, because European countries have the ability to control the epidemic, and vaccines will continue to be marketed and vaccinated, it is expected that the market will recover in 2022. In addition to revisiting the original industries and existing customers, MATEC and AEC are doing after-sales services and actively Participating in the exhibition will allow customers to return to the market, and to operate in the group's region, to bring these heavyweight products to the Chinese and American markets, and to organize education and training for distributors and employees in China.

AAC's performance is limited due to the impact of COVID-19 in 2020. However, due to the impact of COVID-19, many competitors have a tendency to withdraw from the market. They will integrate resources of the two US subsidiaries AAC and GA to strengthen the expansion of business marketing. It is expected that in 2022, the existing customers of competitors who have withdrawn from the market will be acquired, which will help the related equipment market to have significant growth. In addition, as the vaccine is about to be launched and vaccinated, related industries are expected to recover in 2022. Therefore, in addition to the maintenance of original distributors and customers, the sales and service team will be strengthened to expand the United States of Aerospace, composite material and other high-end applications. market.

4. China

Due to the impact of COVID-19 in 2021, sales and profits in China will decline. In 2022, it is expected that in addition to maintaining the existing production base, it will increase its entry into the market of low-level standardized machines to meet the current China market.

China is one of the largest markets in the world. Although it is temporarily affected by the new coronavirus epidemic for a short period of time, but taking the SARS epidemic in 2003 as an example, after the epidemic is stable, the demand for recession during the epidemic prevention will explode after the epidemic ends. During the year, the Chinese market will be expanded by stealing into the low-level standardized machine market and increasing the sales of dealers and agents.

The mainland base focuses on the production of the panel furniture industry. Other PCB industries, yacht industry and cutting-edge woodworking machines will be supplied by Taiwanese factories.

In addition, in response to the Chinese government's development of China's domestic aerospace-related industries, the Group's aerospace automotive industry machinery will be expected to be introduced into China by German subsidiaries, expanding the geographical scope of operations and expanding the economies of scale of production.

III. The effect of external competitive environment, legal environment, and operation environment

1. The 2022-year international situation is still unpredictable due to the new arrival of the US Biden administration, the direction of trade with China is still unpredictable, whether the Sino-US trade war and technology war will continue or will be cached in uncertainty, when the COVID-19 epidemic will slow down, and the trend of the epidemic. After the mitigation of the risks of the international economic and political situation, and the increase in uncertain factors, the company's operating risks will increase.
2. The prosperity cycle changes rapidly, the order demand is often large and the delivery time is short, which tests the supply chain management ability and production adjustment ability, and the difficulty of inventory management increases.
3. Due to competition and business habits, some products have a long instalment period, resulting in increased pressure on capital dispatch.

IV. Development strategy in the future

1. Improvement of existing models for quality upgrade.
2. Development of human resources for international marketing and technical service teams for development of channels in the newly emerging markets.
3. Searching for strategic partners to intensify the vertical and horizontal integration of products.
4. Increase the proportion of self-manufactured key parts and components to reduce cost so as to upgrade the competitive power of products.
5. Development of new market for bringing in more revenue.

Chairman: Liao Wen-Chia	Person in charge: Li Mingzhe	Chief Accounting Officer: Shih, Po-Ju

Two, company profile

1. Date of establishment:

July 21, 61, Republic of China.

2. Company History:

The company in the Republic of China 61 years 7 Yue authorized to spend establishment, the original Ming Ende Industrial Co., Ltd., the main business items for a variety of CNC machinery, construction and decoration materials and hardware parts of the design, manufacturing, processing, sales and import and export business; the Company business objectives toward high-precision machinery and high-tech development, it is with the company "Founding technology, international meritorious service" business philosophy, in the Republic of China 89 years 9 months will be the company name was changed to Ende Technology Corporation.

Important chronicles of the company over the years :

1976 · Obtained the product agency right of KANEFUSA in Japan and imported the first high-quality tungsten steel saw blade for woodworking.

1977 · Established sales offices in Taichung and Kaohsiung one after another, opening up the same industry-wide marketing and service ethos.

1978 · Obtained the agency right of Japan's MANUNAKA product, opening the door to the woodworking machinery market

1980 · Held a provincial tour exhibition of imported woodworking machinery from Japan, breaking the traditional marketing methods of the same industry.

· Obtained the world's largest brand-German HOMAG woodworking machinery agency rights, selling HOMAG welting machines, drilling machines, double-end tenoning machines and other series of products, and developing technical cooperation relations.

1985 · The computer shaving machine (NC ROUTERS) was successfully designed and developed its own brand.

1986 · The computer shaving machine won the first special award of Taiwan Woodworking Machinery by the Taiwan Machinery Union.

1987 · Our own CNC machinery products are imported into the European and American markets.

1988 · CNC ROUTERS won the first self-made brand award of the Foreign Trade Association.

1989 ・ CNC ROUTERS won the Best Product Award of the Woodworking Machinery Industry Association again.

1992 ・ CNC ROUTERS , CNC MACHINE CENTER, and CNC PROFILE GRINDING MACHINE also won the "Taiwan Excellence Award" by the Ministry of Economic Affairs.

・Change the organization to a joint stock limited company.

1993 ・ established a Hong Kong company Ende, Ende German company Nordex USA.

・ merger Andrew, Zhongde company, business integration, paid-up capital increased to NT $ 121,000,000.

1994 ・For cash increase, the paid-in capital increased to NT $ 170,470 ,000.

・ Passed German TUV ISO-9002 quality certification.

1995 ・Developed the first woodworking CNC Router (computer shaving machine) using PC-Based Controller in China .

・For cash increase, the paid-in capital increased to NT $ 187,260 ,000.

1996 ・ established Nordex Singapore.

・For cash capital increase, the paid-in capital increased to NT $ 266,500 ,000.

・ Successfully developed the first CNC five-axis machining machine in China by the leading new product subsidy from the Ministry of Economic Affairs , and won the Good Design Award from the China Woodworking Association.

・Apply for public issuance of stocks and approved by the competent authority.

・Certified by EU CE Machinery Safety Directive.

1997 ・Applying surplus and capital surplus to capital increase, the paid-in capital increased to NT $ 310,000 ,000.

・Successfully developed computer numerical control drilling machine for printed circuit board.

・ established Zhongde Industrial (Shanghai) Co., Ltd.

・ CNC five-axis machining machine won the silver medal of the 6th National Product Image Award.

1998

・ Passed German TUV ISO-9001 quality certification.

・Successfully developed printed circuit board inspection machine.

・Developed a light-weight and aeronautical CNC five-axis machining machine.

・ cash injection, transfer capital surplus and capital surplus, paid-up capital increased to NT $ 475,000 ,000.

・The company's stocks are formally listed and traded on the counter.

1999 ・Completed the development of the leading new product project " P-BGA Appearance Inspection Machine".

- Successfully developed ultra-high speed printed circuit board drilling inspection machine.
- Applying surplus and capital reserve to increase capital, the paid-in capital increased to NT $ 549,000 .

2000
- Successfully introduced the linear motor printed circuit board drilling technology.
- Handle the capital increase in fiscal year 88 , and the paid-in capital increased to NT $ 619,000 ,000.
- in earnings and capitalizing of common reserves, paid-up capital increased to NT $ 719,000 ,000.
- The company's stocks were officially listed on the stock exchange and listed on the stock exchange.

2001
- import ERP and PDM systems to enhance R & D efficiency and the use of corporate resources.
- Applying surplus and capital reserve to increase capital, the paid-in capital increased to NT $ 800,000 .

2002
- The research and development building of Houlong Factory was officially opened.
- merged German company Nordex Nordex Germany and electronic machinery company.
- handle capitalizing of common reserves, paid-up capital increased to NT $ 820,000 ,000.

2003
- For the cancellation of capital reduction of treasury stocks, the paid-in capital is NT $ 742,000 ,000.
- Issued overseas convertible corporate bonds of USD 9 million.

2004
- handle the transfer of employees treasury shares 4,000,000 shares.
- For redemption of overseas convertible corporate bonds of US $ 1.5 million, the actual circulation of overseas convertible corporate bonds is US $ 8.4 million.

2005
- Approved the "Exemplary Information Application Development Plan" of the Technology Department of the Ministry of Economic Affairs
- in earnings and capitalizing of common reserves, paid-up capital amounted to NT $ 762,000 ,000.
- For overseas convertible corporate bonds, redeem US $ 4.9 million, and convert US $ 1.75 million into ordinary shares. The actual overseas convertible corporate bonds are US $ 1.75 million.

2006
- Ende German Company handled the capital reduction, and the paid-in capital was 2,025 ,000 euros .

- Overseas convertible corporate bonds of US $ 1.75 million are converted into ordinary shares, and the actual overseas convertible corporate bonds are US $ 0.
- handle overseas convertible into common shares to change the registration, paid-up capital amounted to NT $ 894,923,480.
- Applying surplus and capital reserve to increase capital, the paid-in capital is NT $ 960,000,000.
- Shengde Investment Co., Ltd. was established with a paid-in capital of NT $ 150,000,000.

2007
- Increase the capital of Shengde Investment Co., Ltd., and the paid-in capital is NT $ 200,000 .
- via Shengde reinvestment total grid Investment Co., Ltd. Precision Co., Ltd. NT $ 139,922,000.
- Apply for the issuance of NTD 300,000 ,000 for the first domestic unsecured conversion of corporate bonds .
- Take a cash increase of NT $ 200,000 and a surplus capital increase of NT $ 40,000 . The paid-in capital is NT $ 1.2 million .

2008
- Increase the capital of Shengde Investment Co., Ltd., and the paid-in capital is NT $ 220,000,000.
- for domestic first unsecured convertible bonds converted into common shares to change the registration, paid-in capital to NT $ 1,209,682,060 yuan.
- deal with surplus capital transferred 61,000,000, paid-in capital to NT $ 1,270,682,060 yuan.
- Closing treasury stocks to cancel capital reduction of 120,000,000, paid-in capital amounted to NT $ 1,150,682,060 .

2009
- handle capitalizing of common reserves of 25,000 ,000, paid-in capital to NT $ 1,175,682,060 yuan.
- withdrawn in accordance with the provisions of the outstanding swaps of domestic first unsecured convertible bonds of NT $ 26.1 million yuan, of which NT $ 22,500,000 dollars in cash recovered, another NT $ T $ 3, 6 00,000 yuan converted into ordinary shares, paid-registration changes The capital is NT $ 1,178,114,480 .

2010
- Apply for the issuance of the second domestic unsecured conversion of corporate bonds of NT $ 300,000 .
- handle capitalizing of common reserves 23,062,290 yuan, paid-up capital amounted to NT $ 1,201,176,770 yuan.

2011
- Apply for the second domestic unguaranteed conversion of corporate bonds into common stock change registration and capital reserve conversion to

increase capital by 30,000,000, and the paid-in capital is NT $ 1,426,944,980 .

- investment of $ 2,425,000 dollars to buy Shanghai Wan Chung Iida Machinery Co., Ltd. changed its name to equity Youde Machinery (Shanghai) Co., Ltd.

2012

- apply for cancellation of treasury stock capital reduction 30,220,000, paid-in capital to NT $ 1,396,724,980 yuan.
- for domestic first 2 times unsecured convertible bonds converted into common shares to change the registration.
- withdrawn in accordance with the provisions of the outstanding swaps of domestic first 2 times unsecured convertible bonds NT 6,300,000 yuan, of which NT $ 1,400,000 dollars in cash recovered, another NT $ 4,900,000 dollars converted into ordinary shares, to change the registration of new paid-up capital amounted to TWD 1,409,187,540 .
- handle the surplus transferred capital 60,812,460 yuan ,, paid-up capital amounted to NT $ 1,470,000,000 yuan.

2013

- is positioning the company as a professional machinery company, 102 years 5 reinvestment NT May 5000 yuan to set up Yuk Tak Industrial Co., Ltd., to undertake the business of the Company Sheet Division, operating full-time career plate, and from 102 in 8 month officially opened .

2014

- 103.1.15 Chairman Xie Ziren resigned and was re -elected as chairman by Padre Investment Co., Ltd., and appointed Liao Wenjia as the legal representative. The original chairman Xie Ziren was promoted to honorary chairman.
- for the mechanical market share increase, 103.4.25 to Italy Giben made Group are located in Brazil and the United States subsidiary Giben do Brasil Maquinas e Equipamentors Ltda and Giben America, 100% Inc. equity, related trademarks and technical drawing.

2015

- cash injection 363,000,000, paid-in capital to NT $ 1,800,000,000.
- Zhongde Industrial (Shanghai) Co., Ltd. to invest its own funds of RMB 5,360 ,000 and Sichuan Ruifeng Lin Ecological Technology Co., a joint venture between Chengdu Zhongde NC Machinery Co., shareholding ratio of 67% , in order to expand the Chinese mainland market.
- In order to expand the company's products and the need for diversified development of the market, the German Monforts Werkzeugmaschinen GmbH was acquired through asset acquisition with a total investment of 3.5 million euros.

- In order to consolidate the internal resources of the group, in October 104 , the business and related assets of the electronic machinery business unit were all sold to Sun Corporation General Precision Co., Ltd.

2016
- 105 in 1 Yue 1 Japan Investment NT $ 16,781,000, established the total grid Precision Machinery (Shanghai) Co., Ltd.
- for the consideration of the Group's vertical / horizontal integration and diversification, the Company 105 in 4 Yue 1 Ri to US $ 11,045,000 Yuan and things Xin Technology Co., Ltd. joint venture to invest in US companies CAL QUALITY ELECTRONICS , shareholding ratio of 47% , to achieve Expand the Group's operating scale and profitable sustainable operation.
- 105 on 6 Yue 22 after Japanese firms to assess the financial situation, debt situation, the subsidiary may have financial needs and potential investment case and other aspects of a comprehensive assessment, the board of directors will hold a stake sale to full thing Xin Technology Co., Ltd., and in 105 years 6 Yue 30 days to complete the transaction process.

2017
- To amplify the company's product diversification and market development needs and improve operational synergies, the Company 106 in 3 Yue 28 Nikkei resolution of the Board euro 3,900,000 in the acquisition of Germany Matec Machinenbau GmbH of real estate, and through subsidiaries Anderson Europe GmbH euro 3,100,000 in Germany, the newly established MATEC GmbH , by MATEC GmbH acquisition of other fixed assets, inventory and patents and other assets, responsible for the operation Matec Machinenbau GmbH related products and services line of business.

2018
- cash injection 200,000,000 and cancellation of treasury stock capital reduction 1,190,000, paid-in capital of NT $ 1,998,810,000.

2019
- apply for cancellation of treasury stock capital reduction 5,500,000, paid-in capital of NT$1,993,310,000.

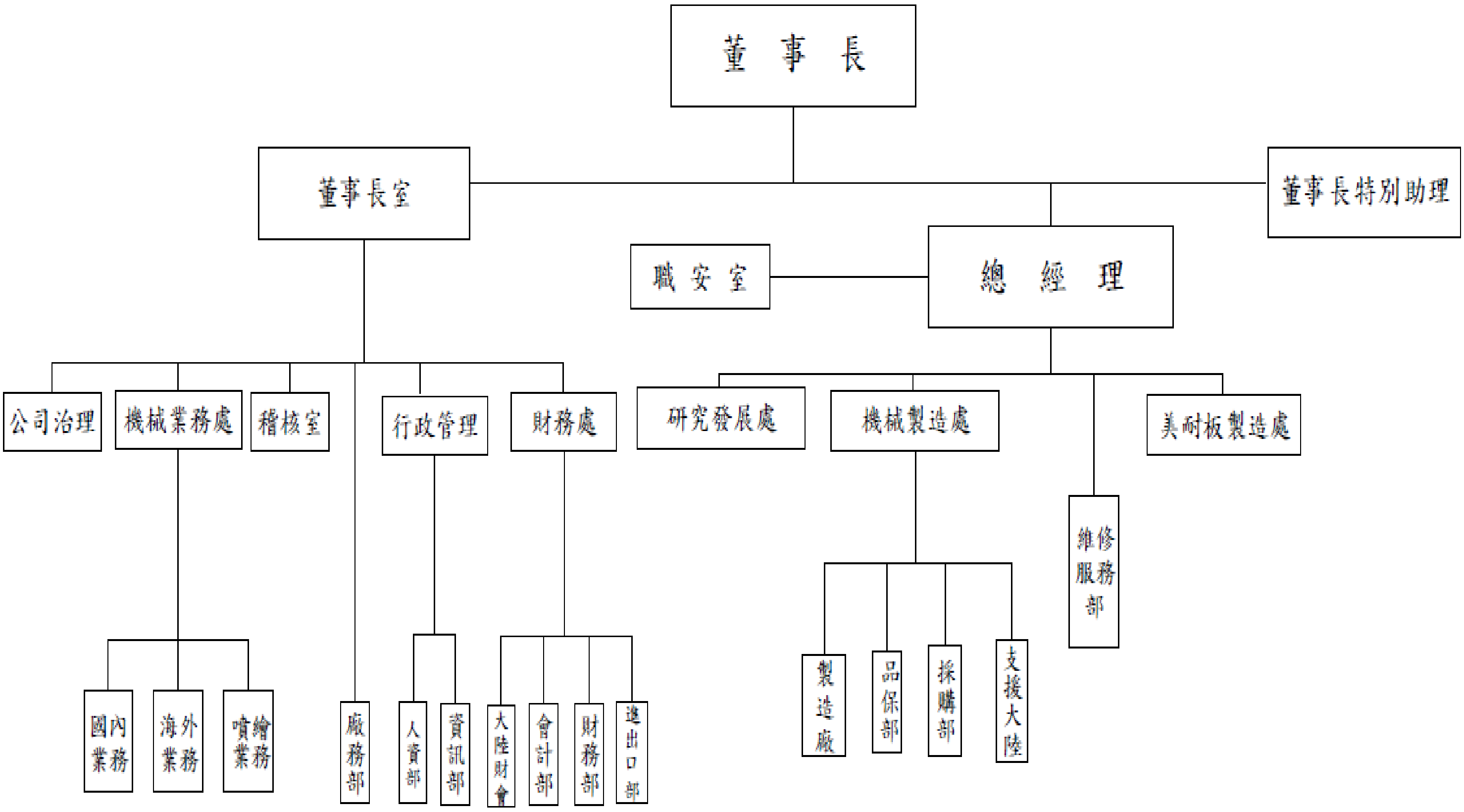
2020
- Anderson Europe GmbH established a subsidiary ASC for 25,000 euros in May 109 and acquired 100% of the company's shares.

Participation and Corporate Governance Report

1. Company Organization

(1) Organization chart

1.Organizational structure



2. Business operated by major departments

Main Departments	Responsibilities of Businesses
Corporate Governance	Comprehensivecorporate governance related affairs.
Machinery Business Office	is responsible for the sale of various types of machinery and the various types of machinery imported as an agent.
Audit Office is	responsible for the planning, formulation and inspection of the company's internal control system.
factory affairs department	manages the general affairs of the company.
The Human Resources Department	manages the company's personnel, education and training.
Information Department is	responsible for the integration, planning and implementation of the company's information systems.
Continental Accounting	Comprehensively manages finance and accounting in mainland China.
Accounting Department	manages the company's accounting, taxation and stock business.
Finance Department	manages the company's financial business.
import and export department	is responsible for the company's import and export of goods.
The Research and Development Office	is responsible for product development and design.
manufacturin g plant	is responsible for logistics management, control of raw material input, mechanical production quality, and processing of components for self-made machinery.
Assurance Department	Planning, coordination, guidance and assessment of the quality control business of the Quality
Purchasing Department	manages the company's domestic and foreign raw material and commodity procurement business.

Support the mainland	to be responsible for exhibition planning and in-plant results invitations in mainland China, evaluate market needs and trends, and adjust marketing strategies.
The maintenance service department	is responsible for mechanical after-sales service.
The Minaite Manufacturin g Office	is responsible for the manufacture of table-mounted Minaite panels.

(2) Information on directors, supervisors, general managers, deputy general managers, associate managers, supervisors of various departments and branches

1. Information on directors and supervisors (1)

2022.3.31 ; Unit: shares; %

job title	Name	gender	Nationality or Registration	For the first time Election date	Election date	Ren period	Holding shares at election		Now holding shares		Spouse, minor Children now hold shares		Use someone else's name Yi holds shares		Mainly by the (school) calendar	Currently serving as the company and Positions of other companies	With a spouse or second parent Other supervisors of internal relations, Director or supervisor			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			job title	Name	relationship	
Chairman	Win Yong Investment Co., Ltd.	-	China Republic of China	109.5.27	106.6.19	3	20,000,000	10.03%	20,000,000	10.03%	-	-	-	-	no	no	no	no	no	no
Representative of legal person director (chairman)	Liao Wenjia	male	China Republic of China	109.5.27	109.5.27	3	-	-	4,790,000	2.4 %	-	-	3,500,000	1.76%	Boston University / Master of Electronic Commerce Bachelor of National Taiwan University	Chairman of Ende Technology Co., Ltd. Chairman and General Manager of Shixin Technology Co., Ltd. Parpro Holdings Co., Ltd. Representative of corporate director AP Parpro, Inc. Legal representative Shide Technology Co., Ltd. legal representative director representative Chairman of Pad Investment Co., Ltd. Chairman of Jishi Investment Co., Ltd. Chairman of Yunyong Investment Co., Ltd. Parpro (Nevada) Inc. legal representative Pilot (Las Vegas) Inc. Legal representative	no	no	no	no

job title	Name	gender	Nationality or Registration	For the first time Election date	Election date	Ren period	Holding shares at election		Now holding shares		Spouse, minor Children now hold shares		Use someone else's name Yi holds shares		Mainly by the (school) calendar	Currently serving as the company and Positions of other companies	With a spouse or second parent Other supervisors of internal relations , Director or supervisor			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			job title	Name	relationship	
																Legal representative of Parpro Technologies Inc Representative Director of Parpro Quality Inc Chairman of General Precision Co., Ltd. Chairman of Shengde Co., Ltd. Chairman of Willis Corporation Chairman of Yude Industrial Co., Ltd. Director of Giben Holdings Ltd. (SAMOA) Director of Giben Holdings Ltd. (BVI)				
Representative of corporate director	Lin Qiquan	male	China Republic of China	109.5.27	109.5.27	3	-	-	632,0 10	0.32 %	11,902	0.01%	-	-	Zhengda EMBA Master	Ende Technology (share) company legal person director representative The representative of the legal person director of General Precision Co., Ltd. Ende (USA) Company Director Director of Ende (Germany) Ende (Hong Kong) Company Director Director representative of General Grid Precision (Shanghai) Corporation Chairman of Zhongde Industrial (Shanghai) Company	no	no	no	no

job title	Name	gender	Nationality or Registration	For the first time Election date	Election date	Ren period	Holding shares at election		Now holding shares		Spouse, minor Children now hold shares		Use someone else's name Yi holds shares		Mainly by the (school) calendar	Currently serving as the company and Positions of other companies	With a spouse or second parent Other supervisors of internal relations , Director or supervisor			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			job title	Name	relationship	
																Chairman of Youde Machinery (Shanghai) Company Legal representative of Yude Industrial Co. , Ltd. Director of Giben America Inc. Ende science and technology (shares) , chairman of special assistant				
Representative of corporate director	Xu Yonghao	male	China Republic of China	109.5.27	109.5.27	3	-	-	50,000	0.03 %	-	-	-	-	PhD in International Transportation, Cardiff University, UK Master of Shipping, Institute of Oceanography, Cultural University Taiwan Bachelor of Oceanography Consultant of China Aviation Industry Development Foundation	Ende Technology (share) company legal person director representative	no	no	no	no
Representative of corporate director	Huang Yixian	Female	China Republic of China	109.5.27	109.5.27	3	-	-	316,000	0.16%	-	-	-	-	National Taiwan University EMBA Accounting and Management Decision Group Master Chief Financial Officer of Huan Rui Medical Investment Holdings Co., Ltd.	General Manager of Ende Technology Co., Ltd. Supervisor of Zongge Precision (Shanghai) Company Director of Zongge Precision Co., Ltd. Director of Zhongde Industrial (Shanghai) Co., Ltd.	no	no	no	no

job title	Name	gender	Nationality or Registration	For the first time Election date	Election date	Ren period	Holding shares at election		Now holding shares		Spouse, minor Children now hold shares		Use someone else's name Yi holds shares		Mainly by the (school) calendar	Currently serving as the company and Positions of other companies	With a spouse or second parent Other supervisors of internal relations, Director or supervisor			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			job title	Name	relationship	
															Vice President of the Audit Department of Zicheng United Certified Public Accountants	Director of Youde Machinery (Shanghai) Company Supervisor of Yude Industrial Co., Ltd. Director of Ende (Germany) Company Shengde (shares) company legal person director representative Director of Giben America Inc. Executive Director of Matec				
independent director	Lai Jun Liang	male	China Republic of China	109.5.27	109.5.27	3	-	-	-	-	-	-	-	-	Mechanical Engineering Taiwan University Cheng Xue Xi Jiaoshou NASA , NASA- Lewis Research, Center	Independent Director of Ende Technology Co., Ltd.	no	no	no	no
independent director	Wu Qingsong	male	China Republic of China	109.5.27	109.5.27	3	-	-	-	-	-	-	-	-	Professor of China Culture University Professor of Taiwan University	Ende science and technology (shares) independent directors Total grid Precision (shares) independent directors State financial holding votes (shares) independent directors State Micro Technology (stocks) independent directors	no	no	no	no

job title	Name	gender	Nationality or Registration	For the first time Election date	Election date	Ren period	Holding shares at election		Now holding shares		Spouse, minor Children now hold shares		Use someone else's name Yi holds shares		Mainly by the (school) calendar	Currently serving as the company and Positions of other companies	With a spouse or second parent Other supervisors of internal relations, Director or supervisor			Remarks (Note)
							Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)	Number of shares	Shareholding (%)			job title	Name	relationship	
independent director	Liang Yihong	male	China Republic of China	109.5.27	109.5.27	3	-	-	-		-	-	-	-	Adjunct Assistant Professor, Department of Finance, Taipei University of Commerce	Independent Director of Ende Technology Co., Ltd.	no	no	no	no

Note: The company's chairman and general manager or equivalent (the top manager) are the same person, are relatives of each other's spouse or first relative, and should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, (There should be more than half of the directors who are not part-time employees or managers, etc.)

Related information.

Table 1: Major shareholders of corporate shareholders

March 31, 2022

Legal person shares of the East were called	Major shareholders of corporate shareholders
Win Yong Investment Co., Ltd.	Liao Wenjia (92%), Chen Shiqian (8%)

directors and supervisors information

,Professional qualifications and independence of independent directors

Information disclosure:

conditions Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	other public offering companies
Concurrently	ofThe work experience required for the company's business, currently serving as the chairman and general manager of Shixin Technology (stock) Company, the chairman of the company, and has not met the conditions of Article 30 of the Company Law.	applicable	Not
to Wuyun Yong Investment Co., Ltd. Representative: Lin Qiquan	has more than five years of work experience required for company business, and currently serves as the special assistant to the chairman of the company and has no circumstances under Article 30 of the Company Law.	applicable	Not

to Wuyunyong Investment Co., Ltd. Representative: Xu Yonghao	has more than five years of work experience required for company business. He has served as the director secretary of China Aviation Business Development Foundation and has not been involved in Article 30 of the Company Law.	applicable	Not
to Wuyunyong Investment Co., Ltd. Representative: Huang Yixian	has more than five years of work experience required for the company's business. Currently, he is the special assistant to the chairman of the company and has not met the conditions of Article 30 of the Company Law.	applicable	Not
Rogue Junliang	has more than five years of work experience required for company business, is a professor of the Department of Mechanical Engineering of National Taiwan University, and an adjunct professor of the Department of Power and Mechanical Engineering of National Tsing Hua University, and does not have any of the provisions of Article 30 of the Company Law.	The independent directors of the company meet the requirements of independence. The independent director himself, his spouse, and his relatives within the second degree do not serve as directors, supervisors or employees of the company or other related companies; do not hold shares of the company; Supervisor or employee. In the past two years, there has been no compensation for providing business, legal, financial, accounting and other services to the company or other affiliated companies.	Wu

Qingsong	has more than five years of work experience required for company business, is an honorary professor at the Department of International Business and Research Institute of National Taiwan University, and has no circumstances under Article 30 of the Company Law.	The independent directors of the company meet the requirements of independence. The independent director himself, his spouse, and his relatives within the second degree do not serve as directors, supervisors or employees of the company or other related companies; do not hold shares of the company; Supervisor or employee. In the past two years, there has been no compensation for providing business, legal, financial, accounting and other services to the company or other affiliated companies.	2
Liang Yihong	has more than five years of work experience required for company business, is an adjunct associate professor in the Department of Finance and Economics of Taipei University of Commerce, and has not met the requirements of Article 30 of the Company Law.	The independent directors of the company meet the requirements of independence. The independent director himself, his spouse, and his relatives within the second degree do not serve as directors, supervisors or employees of the company or other related companies; do not hold shares of the company; Supervisor or employee. In the past two years, there has been no compensation for providing business, legal, financial, accounting and other services to the company or other affiliated companies.	No

Note 1: Professional qualifications and experience: describe the professional qualifications and experience of individual directors and supervisors, if they are members of the audit

committee and have

Those with expertise in accounting or finance should state their accounting or finance background and work experience, and also indicate whether they do not fall under Article 30 of the Company Law

.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as

directors, supervisors or employees of the company or its affiliated companies;by relatives (or in the of others

name

to the provisions of Article 3, paragraph 1, paragraphs 5 to 8 of the Measures for the Establishment of Independent Directors and Matters to be Complied with in) directors, supervisors or employees;

the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

2. Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

A. The professionalism and independence

The company has a nomination committee and adopts a candidate nomination system. All director candidates are nominated and qualified by the nomination committee and approved by the board of directors. Submit to the shareholders' meeting for election. According to Article 20 of the Company's "Code of Practice on Corporate Governance", members of the board of directors should generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the overall board of directors should have the following capabilities:

1. Operational judgment.
2. Accounting and financial analysis skills.
3. Operation and management ability.
4. Crisis handling capacity.
5. Industry knowledge.
6. International market view.
7. Leadership.
8. Decision making.

B. Diversity of the board of directors

In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, Article 20 of the Company's "Code of Practice on Corporate Governance" states that the composition of the board of directors should focus on gender equality.

The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. The members have rich experience and expertise in the fields of finance, business and management. In addition, the company also pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is more than 20%. Currently, there is one female director among the seven directors, and the ratio is 14%.

Diversity of Board Members:

Name	Gender	Judgment	Accounting and Analysis	Management	Crisis Handling	Knowledge ,	International Outlook	, Leadership Ability	Decision Ability
Ability	Ability	,		Ability	Market	making	Ability	Operational	-
,	Financial	Industry		Operational	V	V	V	V	V
Xu Yonghao	male	V		V	V	V	V	V	V
Huang Yixian	female	V	V	V	V	V	V	V	V
Junliang	male		V		V	V	V	V	V
Wu Qingsong	male				V	V	V	V	V
Yihong	male		V		V	V	V	Liang	Lai

(two) Independence of the Board of Directors: The Company currently has 7 members of the Board of Directors, including 3 independent directors (accounting for 42.86% of all directors). As of 111.03.31, all independent directors have complied with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors, and there are no matters 3 and 4 stipulated in Article 26-3 of the Securities and Exchange Act between the directors and independent directors. The Board of Directors is independent (please refer to this Annual Report - Directors' Professional Qualifications and Disclosure of Independent Directors' Independence Information), and each director's educational background, gender and work experience (please refer to this Annual Report - Directors' Information).

2. General manager, deputy general manager, associate manager, supervisors of various departments and branches

2022.3.31 ; Unit: shares; %

job title	Name	gender	Country of Citizenship	Take office date	Holding shares		Spouse, minor Children holding shares		Holding shares in the name of others		Mainly by the (school) calendar	Currently holding positions in other companies	Managers with relationship within spouse or second parent			Remarks (Note)
					Number of shares	Shareholding Proportion (%)	Number of shares	Shareholding Proportion (%)	Number of shares	Shareholding Proportion (%)			job title	Name	relationship	
General Manager	Li Mingzhe	male	Republic of China	110.12.01	2 56 , 404	0.13%	-	-	-	-	Mechanical Research Institute of ZTE University	Total grid Precision (shares) corporate representative director Director of Giben America Inc.	no	no	no	no
Deputy General Manager	Lin Chengwei	male	Republic of China	104.01.01	50,000	0.03%	-	-	-	-	Dongshi Gaogong	Director of General Precision (Shanghai) Company	no	no	no	no
Deputy General Manager	Wu Hongming	male	Republic of China	107 .04 . 30	73 , 000	0.04%	350 , 000	0.1 8 %	-	-	Luodong High School	Director of Zhongde Industrial (Shanghai) Company Director of Youde Machinery (Shanghai) Company	no	no	no	no
Deputy General Manager	Xu Shiyu	male	Republic of China	10 8 .0 7 . 05	-	-	-	-	-	-	University of New Brunswick BA Napier University MSc	no	no	no	no	no
Finance will be in charge	Shi Boru	male	Republic of China	10 9 . 03 . 1 1	12 , 262	0. 006 %	-	-	-	-	Bachelor of Accounting, Taiwan University St. John 's University Master of Science in Accounting Deputy Manager of Audit Department of Qinye Zhongxin United Accounting Firm	no	no	no	no	no
Association management	Liu Junhong	male	Republic of China	103.01.01	70 , 9 30	0.0 4 %	-	-	-	-	Fengjia University	no	no	no	no	no
Association management	Lai Zhixian	male	Republic of China	104.07.01	9, 866	-	-	-	-	-	Department of Information Engineering, Fengjia University Director of Shixin Technology Co., Ltd.	no	no	no	no	no

											Deputy General Manager of Liyu Electronics Co., Ltd.					

Note: When the general manager or equivalent (the top manager) and the chairman are the same person, are spouses or relatives of a relative, they should disclose the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors majority of the directors should not serve as employees or managers, etc.) of relevant information

News.

3．Recent years to pay the directors, supervisors, general manager and deputy general manager and other remuneration

(1) Remuneration of general directors and independent directors (individual disclosure of name and remuneration method)

Unit: Thousand Yuan

2021.12.31

job title	Name	Directors' remuneration								The proportion of the total amount of A, B, C and D in the net profit after tax (%)		Part-time employees receive relevant remuneration								A, B, C, D, E, F and G and other seven items accounted for the proportion of net profit after tax (%)		Receive remuneration from non-subsidiary reinvestment business or parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)(Note 1)		Business execution Cost (D)				Salary, bonus and Special expenses etc. (E)		Retirement pension (F)		Employee compensation (G)						
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	Financial report Office Company	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	Financial report Office Company	Our company	All companies in the financial report	Our company		All companies in the financial report		Our company	All companies in the financial report	
																cash Amount	stock Amount	cash Amount	stock Amount			
director	Investment Co., Ltd.	-	-	-	-	-	-	720	720	0.33%	0.33%	-	-	-	-	- -	-	-	-	0.33%	0.33%	-
Corporate director representative (Chairman)	Liao Wenjia	-	-	-	-	-	-	600	600	0.27%	0.27%	4,026	7,026	-	-	-	-	-	-	2.12%	3.49%	-
corporate director	,	-	-	-	-	-	-	-	-	-	-	2,978	2,978	108	108	-	-	-	-	1.41%	1.41%	-
representative of the corporate director-	Xu Yonghao	-	-	-	-	-	-	360	360	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	-
corporate director-	Huang Yixian							,	-	-	of	3,978	3,978	108	108					1.87%	1.87%	-
Director	-Independent	-	-	-	-	-	-	600	600	0.27%	0.27%	-	-	-	-	-	-	-	-	0.27%	0.27%	-
Director	Qingsong	-	-	-	- Independent	1,200	0.55	1,200	0.55	%	Wu%	-	-	-	-	-	-	-	-	0.55%	0.55%	-
Director	Liang Yihong-	-	-	-	-	-	-	360	360	0.16%	0.16%	-	-	-	-	-	-	-	directors	0.16%	0.16%	-Independent
director	Investment Co., Ltd.	-	-	-	-	-	-	720	720	0.33%	0.33%	-	-	-	-	- -	-	-	-	0.33%	0.33%	-
Corporate director representative (Chairman)	Liao Wenjia	-	-	-	-	-	-	600	600	0.27%	0.27%	4,026	7,026	-	-	-	-	-	-	2.12%	3.49%	-
corporate director	,	-	-	-	-	-	-	-	-	-	-	2,978	2,978	108	108	-	-	-	-	1.41%	1.41%	-

1.Please describe the policy, system, standards and structure of independent directors ' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: the monthly remuneration of independent directors is not higher than NTD 150,000 yuan, the chairman 's remuneration for the whole year will be approved by the board of directors based on the academic background of the independent directors , the contribution to the company's operation and management, and the attendance rate.

2.In addition to the disclosures in the above table, the directors of the company in the most recent year have received remuneration for providing services to all companies in the financial report (such as serving as consultants for non-employees): none.

＊ The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for taxation purposes

(3) Remuneration of the general manager and deputy general manager (together with the method of disclosing names in a coordinated manner) Unit: Qian Yuan

2021.12.31

job title	Name	Salary (A)		Retirement pension (B)		Bonus and Special expenses, etc. (C)		Employee compensation amount (D)				Proportion of the total amount of A, B, C and D in the net profit after tax (%)		Receive from Subsidiary Foreign investment Career or mother Company remuneration
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		In the financial report All companies		Our company	In the financial report All companies	
								cash Amount	stock Amount	cash Amount	stock Amount			
General Manager	Li Mingzhe	5,335	5,335	303	303	2,946	2,946	-	-	-	-	3.93%	3.93%	No
Deputy General Manager	Lin Chengwei													
Deputy General Manager	Wu Hongming													

Remuneration scale

Remuneration level for each general manager and deputy general manager of the company	Name of General Manager and Deputy General Manager	
	Our company	All companies in the financial report
Less than 1,000,000 yuan	-	-
1,000,000 yuan (inclusive) ~ 2,000,000 yuan (excluding)	-	-
2,000,000 yuan (inclusive) ~ 3,500,000 yuan (excluding)	Lin Chengwei, Wu	Hongming Lin Chengwei, Wu Hongming RMB
3,500,000 yuan (inclusive) ~ 5,000,000 yuan (excluding)	Li Mingzhe Li	Mingzhe
5,000,000 yuan (inclusive) ~ 10,000,000 yuan (excluding)	–	–
10,000,000 yuan (inclusive) ~ 15,000,000 yuan (excluding)	–	–
15,000,000 yuan (inclusive) ~ 30,000,000 yuan (excluding)	–	–
30,000,000 yuan (inclusive) ~ 50,000,000 yuan (excluding)	–	–
50,000,000 yuan (inclusive) ~ 100,000,000 yuan (excluding)	–	–
100,000,000 yuan or more	–	–
total	3	3

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for tax purposes.

(4) The remuneration of the top five remuneration executives of listed OTC companies (individual disclosure of name and remuneration method) Unit: Qian Yuan

2021.12.31

job title	Name	Salary (A)		Retirement pension (B)		Bonus and Special expenses (C)		Employee compensation amount (D)				Proportion of the total amount of A, B, C and D in the net profit after tax (%)		Receive from Subsidiary Foreign investment Career or mother Company remuneration
		Our company	All companies in the financial report	Our company	All companies in the financial report	Our company	All companies in the financial report	Our company		In the financial report All companies		Our company	In the financial report All companies	
								cash Amount	stock Amount	cash Amount	stock Amount			
Special Assistant to the Chairman	Huang Yixian	2,378	2,378	108	108	1,600	1,600	-	-	-	-	1.87%	1.87%	no
General Manager	Li Mingzhe	2,378	2,378	108	108	600	600	-	-	-	-	1.62%	1.62%	no
Deputy General Manager	Lin Chengwei	2,137	2,137	108	108	1,297	1,297	-	-	-	-	1.41%	1.41%	no
Deputy General Manager	Wu Hongming	1,779	1,779	108	108	471	471	-	-	-	-	1.08%	1.08%	no
Special Assistant to the Chairman	Lin Qiquan	1,419	1,419	87	87	1,178	1,178	-	-	-	-	1.23%	1.23%	no

＊ The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure, not for tax purposes.

**General Manager Huang Yixian was transferred to the chairman's special assistant on December 1, 2021 due to job adjustment.

***Li Mingzhe, executive vice president, was transferred to general manager on December 1, 2021 due to job adjustment.

(5) Name and distribution of managers who distribute employee compensation

Unit: Thousand Yuan
2021.12.31

<table>
<tr><th></th><th>The post said</th><th>Surname name</th><th>Stock amount</th><th>Cash amount</th><th>The total count</th><th>The proportion of total amount to net profit after tax (%)</th></tr>
<tr><td rowspan="7">through Manage people</td><td></td><td></td><td rowspan="7">-</td><td rowspan="7">-</td><td rowspan="7">-</td><td rowspan="7">-</td></tr>
<tr><td>General Manager</td><td>Li Mingzhe</td></tr>
<tr><td>Deputy General Manager</td><td>Lin Chengwei</td></tr>
<tr><td>Deputy General Manager</td><td>Wu Hongming</td></tr>
<tr><td>Associate</td><td>Liu Junhong</td></tr>
<tr><td>Associate</td><td>Lai Zhixian</td></tr>
<tr><td>Accounting Supervisor</td><td>Shi Boru</td></tr>
</table>

4. Compare and explain the analysis of the ratio of the total remuneration paid by the company and all the companies in the consolidated report to the directors, supervisors, general managers and deputy general managers of the company to the net profit after tax of the individual or individual financial reports in the most recent two years, and explain the policy of payment of remuneration , Standards and portfolios, procedures for setting remuneration, and relevance to operating performance and future risks.

(1) The proportion of total remuneration to net profit after tax

job title	Our company		All companies in the consolidated report	
	2020	2021	2020	2021
director	-12.49%	6.87%	-17.02%	8.24%
Supervisor	-0.25%	-	-0.25%	-
General Manager and Deputy General Manager	-9.63%	3.93%	-9.63%	3.93%

(2) The company's remuneration policy

The remuneration of the company's board of directors and supervisors includes the remuneration of the board of directors and supervisors for the carriage fee and surplus distribution. In terms of vehicle and horse fees, those who do not take up positions in the company will receive the vehicle and horse fees according to the resolution of the board of directors. Remuneration of directors and supervisors will be handled in accordance with the provisions of Articles 17 and 20 of the company's articles of association. The remuneration of directors and supervisors shall be authorized by the board of directors according to the degree of participation and contribution value of the directors and supervisors to the operation of the company, and shall be negotiated with reference to the standard of domestic and international industry. In addition, according to the company ' s pre-tax profits deducting the distribution of employees ' compensation and the benefits before directors' and supervisors ' compensation, 1% to 10% of the employees' compensation should be allocated by the board of directors through stock or cash distribution. Qualified employees of the company; the company is able to open the profit amount, and no more than 3% of the board of directors' resolution shall be remunerated by the director and supervisor, and will be paid in cash only. Employee compensation and the distribution of compensation for directors and supervisors shall be reported to the shareholders' meeting. However, when the company still has accumulated losses, it should first set aside to make up for the losses. The remuneration of the general manager and deputy general manager includes salaries, bonuses, special expenses and employee bonuses, etc. It is determined based on the positions held and the responsibilities undertaken, with reference to the standards of the industry .

(3) corporate governance

1. Operation of the board of directors

From January 1, 2010 to December 31, 2011, the eleventh session of the board of directors heldA]times

8	[	. Number of seats [B]	delegated attendance	Actual attendance rate (%) [B/A]	Remarks
Chairman	Investment Co., Ltd. Representative: Liao Wenjia	8	-	100%	
Director	Yunyong Representative	8	-	100%	
Director	Investment Co., Ltd .: Xu Yonghao8	-	-	100%	
Director	Investment Co., Ltd .: Huang Yixian8	Yunyong	100	%	
Independent Director	Lai Junliang8	-	100	%	
Independent Director	Wu Qingsong8	Yihong	-	100%	
Independent Director	Liang	8	-	100%	

other matters to be recorded:

1. If the operation of the board of directors falls under any of the following circumstances, the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of the independent directors shall be stated:
   (1) Items listed in Article 14-3 of the Securities and Exchange Act: Not applicable, the company has established an audit committee, and the provisions of Article 14-3 of the Securities and Exchange Act are not applicable.
   (2) Except for the previously mentioned matters, other matters resolved by the board of directors that have been objected or reserved by independent directors and that have been recorded or declared in writing: none.
2. The implementation of the directors' withdrawal of the interest-related proposal, the name of the director, the content of the proposal, the reasons for the withdrawal of interest, and the circumstances of participating in voting shall be stated:
   1.Director Lin Qiquan and Director Huang Yixian in the board meeting on 110/03/09 "the manager of the company" The contract renewal proposal" was withdrawn due to direct interests, and the remaining directors present unanimously agreed to pass the proposal.
   2.Director Lin Qiquan and Director Huang Yixian recused themselves from the 110/12/14 board of directors proposal "Remuneration Adjustment for Managers of the Company" due to their direct financial interests, but the remaining directors present unanimously agreed to pass the proposal.

3. An OTC listed company shall disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self (or peers) evaluation, and fill in the attached table on the implementation of the board of directors' evaluation: Note 14. The goals of strengthening the functions of the board of directors in the recent year (such as setting up an audit committee, improving information transparency, etc.) and implementation evaluation: In order to improve directors' professional knowledge and implement corporate governance, the company arranged refresher courses for directors in 2011.

Note 1:board of directorsEvaluation of the implementation

period	evaluation period	evaluation scope	evaluation method	Evaluation content
once a year	of the board of directors from January 1, 110 to December 31, 110	Including the performance evaluation of the board of directors and individual directors	members Self-assessment of	A. the company's goals and tasks, mastery of B. directors' responsibilities, awareness C. of the degree of participation in the company's operations, D. internal relations, management and communication E. , directors' professional and continuous education F. , internal control

2. Operation of the audit committee:

110 years From January 1st to December 31st, 2011, the first audit committee held_ 7 [A]times, and the attendance of independent directors was as follows:

title	name	The actual [B]	attendance by proxy	(listed)%) [B/A]	Independent
Director	Lai Junliang7	-	-	100%	
Independent Director	Wu Qingsong7	-	100	100%	
Independent Director	Liang Yihong7	Remarks	(	%	
Other matters to be recorded: 1、 If the operation of the audit committee falls under any of the following circumstances, the date of the meeting of the audit committee, the period, the content of the proposals, the independent directors'					

objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's Handling of the Audit Committee's Opinions:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act: Note 1

(2)) Except for the aforementioned matters, other matters have not been approved by the Audit Committee, but have been approved by more than two-thirds of all directorsbe

resolved

3. Communication between independent directors and internal audit supervisors and accountants (should include major matters, methods and results of communication on the company's financial and business status, etc.): the company's audit supervisor submits audit reports to independent directors every month. The communication channel between directors, internal audit supervisor and certified accountants is smooth, and if there are special matters, they can be fully discussed and dealt with appropriately.

Note 1: Matters listed in Article 14-5 of the Securities and Exchange Act

Committee and period	Contents	, reservations or major recommendations	meeting date	opinions
dissenting Audit1st 110th Annual meeting	1、109th Annual Individual Financial Report. 2、2019 Consolidated Financial Report and Business Report. 3、Internal control self-inspection case in 2019. 4、Independence and objectivity assessment and appointment of certified accountants. 5、Amendments to the Company's internal control system.	None	of the members present unanimously agreed to pass the proposal.	110.04.13
Propose first session of	1、amendment to the operating	None	of the members	resolution of the

Committee and period	Contents	, reservations or major recommendations	meeting date	opinions
the 110th Annual second meeting	procedures of the company's capital loan to others		present unanimously agreed to pass the proposal.	board of directors on
110.05.03 110.05.03 of the 1st session of 110 3rd meeting	1、 dispose of the real estate of the company.	None	of the members present unanimously agreed to pass the proposal.	resolution of the board of directors on
110.05.11 of the 1st 110th annual the 4th meeting	1、 the subsidiary company MATEC GmbH loan to	None	of the members present unanimously agreed to pass the proposal.	resolution of the board of directors on
110.08.10 the 1st session of the 110th annual the 5th meeting	1、 . The company endorsed the reinvestment company.	None	of the members present unanimously agreed to pass the proposal.	resolution of the board of directors on
110.11.09	1、 . The company	None	of the	Propose

Committee and period	Contents	, reservations or major recommendations	meeting date	opinions
1st 110th annual the 6th meeting	lends funds to its subsidiary Zhongde Industrial Co., Ltd. (Shanghai). 2、 111 Audit Project.		members present unanimously agreed to pass the proposal.	a resolution of the board of directors

3. The operation of corporate governance and its differences with the Code of Practice for Governance of OTC listed companies and the reasons:

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
1. Is the company based on " "Code of Practice on Corporate Governance for Listed Companies" to formulate and disclose a code of practice on corporate governance?	V		The company has formulated the "Code of Practice for Corporate Governance" by the resolution of the board of directors, and disclosed it on the public information observatory and the company's website.	No difference.
2. The company's shareholding structure and shareholders' rights and interests (1) Does the company formulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures? (2) Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders? (3) Does the company establish and implement a risk control and firewall mechanism with affiliated companies?	V V V V		(1) has a special person responsible for related matters. If it involves legal issues, please ask the legal department to deal with it. (2) The company is entrusted by a professional stock agency agency, and regularly declares and discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with the law, and has a good relationship with major shareholders to keep control at all times. (3) The company has established subsidiary monitoring operations and implemented them. (4) The company has	No difference. No difference. No difference. No difference.

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
(4) Does the company formulate internal norms to prohibit company insiders from using undisclosed information in the market to buy and sell securities?			passed the resolution of the board of directors to formulate the "internal material information processing operation and insider transaction prevention management operation procedures", so as to regulate the insiders' securities trading behavior.	
3. Composition and responsibilities of the board of directors (1) Does the board of directors formulate a diversity policy, specific management objectives and implement them for the composition of the board of directors? (2) In addition to the remuneration and remuneration	V V V		（1） According to the "Code of Practice for Corporate Governance", the company implements the policy of diversification of board members. Except for one female member, Director Huang Yixian, who is good at the field of financial accounting, operation and management, Director Lin Qiquan and Chairman Liao Wenjia are familiar with the machine tool industry market.situation, Director Xu Yonghao specializes in aerospace-related fields and markets, and the other three independent directors Wu Qingsong and Lai Junliang are respectively	No difference. No difference. No difference. No difference.

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
committees and audit committees established in accordance with the law, does the company voluntarily establish other types of functional committees? (3) Does the company formulate performance evaluation methods and methods for the board of directors, conduct performance evaluations annually and regularly, report the results of performance evaluations to the board of directors, and use them as a reference for the remuneration and nomination of individual directors? (4) Does the company regularly assess the independence of the certified accountants?	V		good at company mergers and acquisitions, mechanical technology and financial fields. The board members of the company are all experts in different professional fields. (2) The company has not voluntarily established other functional committees. (3) The company has currently formulated a performance evaluation method for the board of directors, conducts performance evaluation on a regular basis every year, and submits the results of the performance evaluation to the board of directors, and uses it as a reference for the remuneration of individual directors and the nomination and renewal of office. (4) The company shall evaluate the	

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
			professionalism and independence of the certified accountants once a year. As assessed by the accounting department of the Company, accountantsZhongxinandGuo Liwen of QinyeAccountants meet the Company's independence assessment standards (Note 1) and are sufficient to serve as the Company's certified accountants, and the accounting firm has issued a letter of declaration (Note 2)).	
4. Whether the listed OTC company has a qualified and appropriate number of corporate governance personnel, and appoints a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for	V		The company has set up a corporate governance team under the chairman's office, with Huang Yixian as the corporate governance convener. Huang Yixian has more than three years of management experience in public offering companies engaged in finance, stock affairs, and deliberation. The responsibility of the corporate governance team is to provide directors and independent directors with the information they need to execute their business, assist	No difference.

<table>
<tr><td rowspan="2">project</td><td colspan="3">operation</td><td rowspan="2">situation and reasons for the differences between the</td></tr>
<tr><td></td><td>Whether</td><td>summarized and explained</td></tr>
<tr><td>business execution, assisting directors and supervisors to follow Statutes, handling matters related to meetings of the board of directors and shareholders' meetings, handling company registration and change registration, making minutes of board of directors and shareholders' meetings, etc.)?</td><td></td><td></td><td>directors and independent directors to comply with laws and regulations, and handle matters related to the board of directors and shareholders' meetings in accordance with the law.
<u>The 110-year business execution situation is as follows:</u>
1. Arrangement of advanced training courses for directors.
2. Handle liability insurance for directors and managers.
3. Handle various affairs of the board meeting in accordance with the law. 4. Handle various affairs of the regular shareholders' meeting according to the law.
5.110 Annual General Meeting of Shareholders adopts electronic voting.
6. Responsible for and implement the establishment of diversified communication channels with investors.
7. Assistance in various major operational matters, revision of management measures (such as revision of fund loan assessment and execution, and revision of operating procedures for acquiring or disposing of assets).</td><td></td></tr>
<tr><td>5. Whether the company has established</td><td>V</td><td></td><td>has established a communication channel with</td><td>No difference.</td></tr>
</table>

project	operation			situation and reasons for the differences between the
		Wheth er	summarized and explained	
communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a special area for stakeholders on the company's website, and properly responded to the important corporate society concerned by stakeholders Liability issue?			stakeholders on the website, and appropriately responds to important corporate social responsibility issues that stakeholders are concerned about.	
6. Does the company appoint a professional stock agency agency to handle the affairs of the shareholders' meeting?	V		appointed KGI Securities' stock agency department to handle the affairs of the shareholders' meeting.	No difference.
7. Information disclosure (1) Does the company set up a website to disclose financial business and corporate governance information? (2) Has the company adopted other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing the	V V	V	(1) is announced on the public information observatory and disclosed on the company's website. (2) The company has a special person responsible for collecting information and exposing it; and establishes a spokesperson system to publish the company's related financial business information.	No difference. There is no difference that and filing the annual financial report within two months after the end of the fiscal year

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
spokesperson system, placing the company's website during corporate briefings, etc.)? (3) Does the company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the financial report for the first, second and third quarters and the operating conditions of each month before the specified deadline?			(3) After the end of the fiscal year of 2011, the company will announce and report the annual financial report on March 8, and announce and report the first, second and third quarter financial reports and operating conditions of each month before the specified deadline.	
announcing company, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the company's purchase of liability insurance for directors and supervisors situation, etc.)?	V		(1) Employee rights, employee care: The company has always paid attention to labor relations, adhered to the concept that employees are the company's assets, fully took care of employee welfare, protected the legitimate rights and interests of employees in accordance with the Labor Base Law, established an employee welfare committee, implemented a pension system, and implemented laws and regulations. Set up labor safety and health	No difference.

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
			management units, encourage employees to participate in various training courses and technical seminars, purchase employee group insurance, and arrange regular health checks. (2) Investor relations: There is a special person responsible for dealing with matters related to investor relations. The company website also provides information related to investors, so that investors can understand the company's operating conditions. (3) Supplier relationship: The company has always maintained a good relationship with its suppliers. (4) Rights of Stakeholders: Stakeholders may communicate and make suggestions with the company to safeguard their legitimate rights and interests. (5) Situation of the training of directors and supervisors:	

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	
			The directors and supervisors of the company should take advanced studies according to actual needs, such as corporate governance and internal control, corporate social responsibility and sustainable management investment forum, investor relations, functions and powers of the board of directors and supervisors, Courses related to IFRSs, XBRL and other accounting executives related to legal practice, legal compliance of insider equity transactions, etc., all training situations are disclosed in the public information observatory. (6) Implementation of risk management policies and risk measurement standards: timely assessment of the product market, external economy, cash liquidity, etc., to minimize the company's possible risks. (7) Implementation of customer policy: The company has	

<table>
<tr><th rowspan="2">project</th><th colspan="3">operation</th><th rowspan="2">situation and reasons for the differences between the</th></tr>
<tr><th></th><th>Whether</th><th>summarized and explained</th></tr>
<tr><td></td><td></td><td></td><td>established a customer order and service management system to provide customers with faster and more convenient services, and also insured product liability insurance to protect customer rights.
(8) The situation where the company purchases liability insurance for directors and supervisors: The company has purchased liability insurance for directors, supervisors and managers in 2011.</td><td></td></tr>
<tr><td colspan="5">9. Please explain the improvement of the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the most recent year, and propose priority strengthening matters and measures for those who have not yet improved:
1. In order to strengthen the board structure, the company has Independent directors were added to the company's articles of association, and independent directors were also selected by the candidate nomination system. When the directors and supervisors of the 2019 General Meeting of Shareholders were fully re-elected, 3 independent directors were selected by the candidate nomination system.
2. In order to strengthen the equal treatment of shareholders, the company has provided English version of the meeting notice, shareholders' meeting procedure manual and shareholders' meeting annual report since the 2016 ordinary shareholders' meeting, and the annual report of the shareholders' meeting is uploaded to the public information workstation within 7 days before the shareholders' meeting. The notice of the meeting and the manual of the shareholders meeting are uploaded to the public information observatory simultaneously with the Chinese version.
3. In order to strengthen the operation of the board of directors, the company has strengthened the communication with the audit supervisor and certified accountants after the independent director elected by the 2019 general meeting of shareholders took office, and disclosed the</td></tr>
</table>

project	operation			situation and reasons for the differences between the
		Whether	summarized and explained	

communication situation on the company's website.

4. In order to enhance information transparency, the company will disclose financial reports in English, and plans to fully English-language the company's website, mainly including financial, business and corporate governance related information.

Note 1: The criteria for evaluating the independence of

accountants refer to Article 47 of the Accountants Law and the No. 10 Bulletin of the Code of Professional Ethics for Accountants:

Project	Results
1.As of the last visa assignment, there has been no change in seven years.	■Yes ☐No
2.There is no significant financial interest relationship with the client.	■Yes ☐ No
3.Avoid any inappropriate relationship with the client.	■Yes ☐No
4.Accountants should ensure the honesty, impartiality and independence of their assistants.	■Yes ☐No
5.The financial statement of the service organization within the two years before the practice shall not be checked for visa.	■Yes ☐No
6.The name of the accountant shall not be used by others.	■Yes ☐No
7.Does not hold the shares of the company and related companies.	■Yes ☐No
8.There is no financial loan with the company and related companies.	■Yes ☐No
9.There is no joint investment or benefit-sharing relationship with the company or related enterprises.	■Yes ☐No
10.Not concurrently working for the company or affiliated companies and receiving fixed salary.	■Yes ☐No
11.not involve the management function of the company or its affiliated companies to make decisions.	■Yes ☐No
12.Not concurrently operating other businesses that may lose its independence.	■Yes ☐No
13.relationship with the company's management personnel of spouse, direct blood relatives, direct blood relatives, or collateral blood relatives within the second degree of kinship.	■Yes ☐No
14.No business-related commissions are charged.	■Yes ☐No
15.Up to now, there has been no punishment or violation of the principle of independence.	■Yes ☐No
Assessment result: The above-mentioned assessment contents conform to the independence and objectivity of the accountants.	

Note 2: Letter

111.3.8 No.

11101548 Qinshen

Statement Public Accountants According to the "Professional Ethics Bulletin No. 10 Integrity, Impartiality, Objectivity and Independence", the members of the audit team declare that they have complied with the following norms and have not violated independence.

Note:

1. The members of the audit team and their spouses and dependent relatives do

not have any of the following:

1. Hold direct or indirect significant financial interests in your company.
2. Business relationship with your company or its directors, supervisors and managers that affects independence.

2. During the audit period, the members of the audit team and their spouses and dependent relatives did not hold the positions of directors, supervisors, managers, or any direct and significant influence on the audit case of the company.
3. There is no relationship between the members of the audit team and the directors, supervisors or managers of the company as spouses, lineal blood relatives, lineal blood relatives or collateral blood relatives within the second degree of relationship.
4. The members of the audit team did not accept gifts or gifts of great value from the company or its directors, supervisors, managers or major shareholders (the value of which did not exceed the standard of social etiquette).
5. the audit team have implemented the necessary independence/conflict of interest procedures, and no violation of independence or unresolved conflict of interest has been found.

remuneration

remuneration

committee

, its composition, responsibilities and operations:

(1) committee

,	condit ions names	professional qualifications, experience	independence	and other public offeringsof the number of members of the company's compensation and remuneration committee,
convener and independent director	Wu Qingsong	refer to Appendix 1 for information on directors and supervisors (1) on page 12.	I, my spouse, relatives within the second degree of kinship do not serve as directors, supervisors or employees of the company or its related companies; I, my spouse, relatives within the second degree of kinship (or in the name of others) do not hold shares in the company; The company has directors, supervisors or employees of specific affiliated companies; there has been no remuneration amount for the company or its affiliated companies for business, legal, financial, accounting and other services in the past two years.	2
Independent Director	Lai Junliang			0
Independent Director	Liang Yihong			0

(2) Responsibilities: To implement the measures and policies for reviewing the performance evaluation of the company's directors and managers and reviewing salaries.

(3) Information on
the operation of the compensation and remuneration committee 1. There are 3 members of the compensation and compensation committee of the company.
2. The term of office of the current members: From May 27, 2010 to May 26, 2011, the salary and remuneration committee held two meetings (A) in the most recent (110) year. The qualifications and attendance of the members are as follows:

Title	Name	B)	Entrusted Attendance	Rate (Note) B/	Remarks
Convenor	Qingsong	2	-	100	
members	Times	(	of	%	
the	Times	A	)	(	

Wu

1、 AttendanceNot adopting or revising the recommendations of the Compensation and Remuneration Committee shall state the date of the Board of Directors, the period, the content of the proposal, the resolution of the Board of Directors and the company's handling of the opinions of the Compensation and Remuneration Committee (if the remuneration approved by the Board of Directors is superior to the recommendations of the Compensation and Remuneration Committee, it shall be State the circumstances and reasons for the difference): None.

2、 For matters resolved by the Compensation and Remuneration Committee, if members have objections or reservations and there is a record or written statement, the date of the Compensation and Remuneration Committee, the period, the content of the proposal, all members' opinions and the handling of the members' opinions shall be stated: None.

Note 1: If a member of the Compensation and Remuneration Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Remuneration Committee and the number of actual attendances during the term of office.

Note 2: Before the end of the year, if there is a re-election of the Compensation Committee, the new and old members of the Compensation and Remuneration Committee shall be filled in, and the remarks column shall indicate the old, new or re-appointed and the date of re-election. The actual attendance rate (%) is calculated based on the number of meetings held by the Compensation and Compensation Committee and the actual number of attendances during the term of office.

The date of meeting of the Compensation and Remuneration Committee, the content of the proposal and

Period	Meeting date	content	results
of the 4th Compensation and Compensation Committee 110 Years The 1st meeting	110.03.05	1、 The actual amount of year-end bonuses for managers in 2010 was reported on 110.03.05.	All members present unanimously agreed to pass the proposal.
of the 4th Salary and Remuneration Committee 2011 meeting	110.12.04	1、 to report the adjustment of the manager's salary.	All members present unanimously agreed to pass the proposal.

5. The implementation of the promotion of sustainable development and the difference from the code of practice for sustainable development of listed OTC companies and the reasons for

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
1、 differenceGovernance structure for sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle high-level management, and the supervision of the board of directors?	V		The company has not established relevant structure and set up relevant units. However, the company has appointed General Manager Li Mingzhe asthe "Supervisor of Sustainable Development Promotion"continue to practice sustainable development practices.	No difference. The company has appointed General Manager Li Mingzhe asthe "Supervisor of Sustainable Development Promotion"continue to practice sustainable development practices.
2、 Does the company conduct risk assessments on environmental, social and corporate governance	V	V	The company formulated relevant risk management policies or strategies on May 10, 111.	No difference.

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		be tw ee n	the	
issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?				
3、Environmental Issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics? (2) Is the company committed to improving	V V	V	(1) The company has formulated a safety and health work manual, and follows the relevant laws and regulations to maintain the working environment and natural environment. (2) The company has entrusted the waste removal permit agency to be responsible for	No difference No difference company will evaluate according to actual needs.

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
energy efficiency and using recycled materials with low impact on the environment? (3) Has the company assessed the current and future potential risks and opportunities of climate change to the company, and taken measures to address climate-related issues? (4) Has the company counted greenhouse gas emissions, water		V	recycling. (3) The company has not yet assessed the potential risks and opportunities of climate change to the enterprise now and in the future (4) The company has not yet calculated the greenhouse gas emissions, water consumption and total weight of waste in the past two years.	The company will make statistics based on actual needs.

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management policies?				
4、 Social Issues (1) Does the company formulate relevant management policies and procedures in	V V		(1) The company has formulated relevant management policies and procedures in accordance with relevant laws and	No difference No difference

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
accordance with relevant laws and international human rights conventions? (2) Does the company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect business performance or results in employee remuneration?	V V V V		international human rights conventions. (2) The company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects the operating performance or results in employee remuneration. (3) The company has formulated a safety and health work manual, set up a labor safety and health management unit, and regularly	No difference No difference No difference No difference No difference

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		be tw ee n	the	
(3) Does the company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees? (4) Has the company established an effective career development training program for employees? (5) Regarding issues such as customer health and safety, customer			implements safety and health education for employees. (4) The company has established an effective career ability development training program for its employees. (5) The company follows relevant regulations and international standards for customer health and safety, customer privacy, marketing and labelling of products and services, and formulates relevant policies and complaint procedures for the	

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards, and formulate relevant policies and appeal procedures for the protection of consumers or customers' rights and interests? (6) Has the company formulated a supplier management			protection of consumer or customer rights and interests. (6) The company has formulated a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health or labor rights, and their implementation.	

promotion project	the implementation			code of practice for sustainable development of listed OTC companies and the reasons
		between	the	
policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?				
5、Does the company refer to the internationally accepted reporting standards or guidelines to prepare reports such as sustainability		V	has not yet prepared a report that discloses non-financial information of the company, such as a perpetual report.	The company will prepare according to actual needs.

<table>
<tr><th rowspan="2">promotion project</th><th colspan="3">the implementation</th><th rowspan="2">code of practice for sustainable development of listed OTC companies and the reasons</th></tr>
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n</th><th>the</th></tr>
<tr><td>reports that disclose non-financial information of the company? Has the previous disclosure report obtained the assurance or assurance opinion of the third-party verification unit?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">6. If the company has its own sustainable development code in accordance with the "Code of Practice for the Sustainable Development of Listed OTC Companies", please describe the difference between its operation and the established code: None.</td></tr>
<tr><td colspan="5">7. Other important information that helps to understand the implementation of sustainable development:
(1) The company has appointed a special organization to be responsible for the removal and disposal of waste, recycling of waste containers, etc., and is committed to improving the environmental protection of all employees.
(2) The company regularly donates to the town office and local authorities such as the police and consumer agencies to give back to the society.
(3) The company has purchased employee group insurance, formulated safety</td></tr>
</table>

<table>
<tr><td rowspan="2">promotion project</td><td colspan="3">the implementation</td><td rowspan="2">code of practice for sustainable development of listed OTC companies and the reasons</td></tr>
<tr><td></td><td>be
tw
ee
n</td><td>the</td></tr>
<tr><td colspan="5">and health work manuals, set up labor safety and health management units, and regularly implemented safety and health education.
(4) The company has appointed General Manager Li Mingzhe as the "Promoting Sustainable Development Supervisor", andcontinues to focus on the achievement of the company's zero carbon emission goal, the application of green energy and other related sustainable management issues and research methods by scholars and experts,with a view to contributing to the earth Always do your best.</td></tr>
</table>

6. Circumstances and reasons for the implementation of integrity management and the difference from the integrity management code of listed OTC companies and the reasons for

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
1. Formulate integrity management policies and plans (1) The company Has the integrity management policy been formulated and approved by the board of directors, and the policies and practices of integrity management are clearly stated in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the management policy? (2) Whether the company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates the business activities with high risk of dishonest behavior within the business scope, and formulates a plan for preventing dishonest behavior	V V V		(1) The company has formulated the "Integrity Management Code" through the resolution of the board of directors, which clearly stipulates that directors, managers and employees should abide by the laws and regulations when conducting business, and announce it on the public information observatory and the company's website. (2) The company has clearly stated the relevant integrity management procedures and behavior guidelines	No difference. No difference. No difference.

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
based on it, and at least covers "listing and listing on the OTC". What are the preventive measures for the behaviors in Article 7, Paragraph 2 of the "Company Integrity Management Code"? (3) Has the company clearly defined operating procedures, behavior guidelines, and punishment and appeal systems for violations in the plan for preventing dishonest behavior, and has implemented them, and regularly reviews and revises the plan before disclosure?			in the "Integrity Management Code" to strengthen the prevention of business activities with high risk of dishonest behavior within the business scope, and covers the seventh "Integrity Management Code for Listed OTC Companies". Article 2 of the acts. (3) The company has formulated the "Integrity Management Code" and "Ethical Code of Conduct" through the resolution of the board of directors, and announced it on the public information observatory and the company's website, and has been implemented.	
2. Implementing integrity				

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
management (1) Does the company evaluate the integrity record of its counterparties, and specify the terms of integrity in the contracts signed with its counterparties? (2) Does the company set up a dedicated unit for promoting corporate integrity management under the board of directors, and report regularly (at least once a year) to the board of directors on its integrity management policy and plan for preventing dishonest behavior and supervise the implementation? (3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them? (4) Whether the company has	V V V V	V	(1) The company evaluates the integrity records of the counterparties and stipulates the terms of honesty in the contracts signed with the counterparties. (2) The Human Resources Department of the Company is a dedicated unit for promoting corporate integrity management under the Board of Directors, and reports to the Board of Directors on a regular basis. (3) The company has formulated the "Integrity Management Code" by the resolution of the board of directors, which provides	No difference. No difference. No difference. No difference. At present, the company only conducts external training and login-related training hours for directors and senior

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
established an effective accounting system and internal control system for the implementation of honest management, and the internal audit unit has formulated relevant audit plans based on the assessment results of the risk of dishonest behavior, and checked the plan for preventing dishonest behavior accordingly. Comply with the situation, or commission an accountant to perform the audit? (5) Does the company regularly hold internal and external education and training on integrity management?			appropriate channels for presentation and implementation of policies for preventing conflicts of interest. (4) The company has formulated the "Integrity Management Code" by the resolution of the board of directors, established an effective accounting system and an internal control system, and regularly audited by the internal audit unit, and entrusted an accountant to perform the audit. (5) Currently, the company only conducts external training and login-related training	executives each year.future, internal education and training will be held for colleagues as needed.

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
			hours per year for directors and senior executives.	
3. The operation of the company's whistle-blowing system (1) Has the company established a specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel in charge of the whistle-blowing object? (2) Has the company established standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism? (3) Has the company taken measures to protect the whistleblower from being mistreated due to the whistleblower?	V V V		(1) The company has formulated the "Integrity Management Code" through the resolution of the board of directors, and has formulated a specific reporting and reward system, and established a convenient reporting channel, and assigns appropriate personnel in charge of acceptance for the reported object. (2) The company has formulated the "Integrity Management Code" by the resolution of the board of directors, and has	No difference. No difference. No difference.

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
			formulated the standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism. (3) The company has formulated the "Integrity Management Code" through the resolution of the board of directors, and formulated measures to protect whistleblowers from being improperly dealt with due to whistleblowing.	
4. Strengthening information disclosure (1) Does the company disclose the content of its integrity management code and promote		V	(1) The company discloses the "Code of Integrity Management" on its	The Company will publicly promote the results

assessing whether the project	operation status			is different from the integrity management code of listed companies and the reasons
		for	summary description	
its effectiveness on its website and public information observatory?			website and public information observatory, but has not yet disclosed its promotion effect.	according to the actual situation.
5. If the company has its own integrity management code based on the "Code of Integrity Management of Listed OTC Companies", please describe the difference between its operation and the established code: there is no difference.				
6. Other important information that helps to understand the integrity of the company's operation: (such as the company's review and revision of its integrity management code, etc.) (1) The company abides by the company law, securities exchange law, business accounting law, listing Relevant regulations and other laws and regulations related to business conduct are used as the basis for the implementation of honest management. (2) The company's "Rules of Procedures for the Board of Directors" stipulates a system for the withdrawal of directors' interests, and those who have an interest in themselves should withdraw from the proposals listed by the board of directors.				

7. Inquiry method of corporate governance code and related regulations: The company has a total of 48 corporate governance codes of practice, which have been placed on the company's website as follows, Home > Investors and Corporate Responsibilities > Articles of Association and Operating Procedures > Corporate Governance Code of Practice (http://www.anderson.com.tw/responsibility.asp) for shareholders' inquiries.

8. Other important information sufficient to enhance the understanding of the operation of corporate governance: none.

9. Implementation status of internal control system

(1) Internal control statement

Ende Technology Co.
internal control system statement

Date: March 8, 2022

TheAs follows:

1. The company confirms that the establishment, implementation and maintenance of the internal control system is the responsibility of the company's board of directors and managers, and the company has established such a system. Its purpose is to provide reasonable information for the achievement of objectives such as the effect and efficiency of operations (including profit, performance, and asset security), reporting reliability, timeliness, transparency, and compliance with relevant norms and relevant laws and regulations. of assurance.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three goals; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system is equipped with a self-supervision mechanism. Once a defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system is effective based on the items for judging the effectiveness of the internal control system stipulated in the "Public Issuing Companies Establishing Internal Control System Handling Standards" (hereinafter referred to as "handling standards"). The internal control system judgment items used in this "processing standard" are based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision of operations. Each component in turn includes several items. For the aforementioned items, please refer to the "processing criteria".
4. The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the company believes that the internal control system of the company on December 31, 2011 (including the supervision and management of subsidiaries), including understanding the effect of operations and the degree to which efficiency goals are achieved, and reporting on The design and implementation of a reliable, timely, transparent and internal control system that complies with relevant norms and compliance with relevant laws and regulations is effective and can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the company's annual report and prospectus, and will be made public. If the above-mentioned disclosed contents are false, concealment or other illegal activities, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7. This statement has been approved by the board of directors of the company on March 8, 2022. Among the 7 directors present, 0 of them have objections. All the others agree with the content of this statement and hereby declare.

Ende Technology Co.

Chairman: Liao Wenjia Signature

General Manager: Li Mingzhe Signature

(2) Those who entrust an accountant to professionally review the internal control system shall disclose the accounting review report: none.

10. In the most recent (110) year and up to the date of publication of the annual report, the company and its internal personnel were punished according to law, the company punished its internal personnel for violating the provisions of the internal control system, major deficiencies and improvements: none.

11. In the most recent (110) year and up to the date of publication of the annual report, important resolutions of the shareholders' meeting and the board of directors.

of the shareholders'

on the date	Summary of important proposals and	resolutions	110.07.02
2019	annual business report and financial statements. 2. Recognize the 109 annual profit and loss appropriation. 3. The case of allocating cash dividends to capital reserves. 4. Amendments to the Company's Articles of Association. 5. Amendment to the Company's "Operating Procedures for Funds Loans to Others". 6. The case of giving up the subscription of the future subsidiary Yude Industrial Co., Ltd. for capital increase.	Approved by a vote of all vote of all shareholders present. The election approved by	. It will operate in accordance with the operating procedures after approval. It has been operated in accordance with the operating procedures after approval. It has been operated in accordance with the operating procedures after approval. It has been operated in accordance with the operating procedures after approval. It has been operated in accordance with the operating procedures after approval. It has been operated in accordance with the operating procedures after approval.

(2)

of	date of regular meetings	Summary of important resolutions	Resolutions and results
of the 11th board of directors in 110 the 3rd meeting	110.05.03 Dispose	1、 of the real estate of the company.	All the proposals were passed unanimously by all the directors present.
of the 11th board of directors of the 110th year the 4th meeting	110.05.11	1、 extended the loan to the subsidiary company MATEC GmbH.	All the proposals were passed unanimously by all the directors present.
of the 11th board of directors of the 110 year 5th meeting	110.06.01	1、 The date of the 110 annual shareholders meeting was changed.	All the proposals were passed unanimously by all the directors present.
of the 11th board of directors of the year 110 6th meeting	110.08.10	1、 The company endorsed the investment company's endorsement proposal.	All the proposals were passed unanimously by all the directors present.
of the 11th	110.11.09	1、 The company loaned funds to	All the

of	date of regular meetings	Summary of important resolutions	Resolutions and results
board of directors of the 110th year 7th meeting		its subsidiary Zhongde Industrial Co., Ltd. (Shanghai). 2、 111 Audit Project.	proposals were passed unanimously by all the directors present.
of the 11th board of directors of the 110th year 8th meeting	110.12.14	1、 The company's manager personnel case. 2、 The Company's Manager Salary Adjustment Proposal. 3、 111 business plan.	Director Lin Qiquan and Director Huang Yixian recused the proposal "the Company's Manager Salary Adjustment Proposal" due to direct financial interests, and the remaining directors present unanimously agreed to pass the proposal.
of the 11th Board of Directors 1st meeting	2011 111.03.08	1、 110 Annual Remuneration Distribution Plan for Employees and Directors and Supervisors. 2、 110 Annual Individual Financial Report. 3、 110 Annual Consolidated	All the proposals were passed unanimously by all the

of	date of regular meetings	Summary of important resolutions	Resolutions and results
		Financial Report and Business Report. 4、 The 110 year surplus distribution plan. 5、 110 Annual Internal Control Self-Inspection Case. 6、 Independence and objectivity assessment and appointment of certified accountants. 7、 Amendments to the Company's "Articles of Association". 8、 Amendment to the company's "procedures for acquiring or disposing of assets". 9、 110 Cases about the actual payment of year-end bonuses and remuneration for managers. 10、 The Company held the 111th Annual General Meeting of Shareholders. 11、 The company obtained the real estate case of the Zhongli District Office in Taoyuan City.	directors present.
of the 11th director of the 111 year meeting	111.04.12	1、 gave up the subscription for the capital increase of the future subsidiary Zongge Precision Co., Ltd. 2、 Amendments to the Agenda of the 111 Annual General Meeting of Shareholders.	All the proposals were passed unanimously by all the directors present.

12. In the most recent (110) year and as of the printing date of the annual report, if the directors or supervisors have different opinions on the important resolutions passed by the board of directors and have records or written statements, the main content: none.
13. In the most recent (110) year and as of the date of publication of the annual report, a summary of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor:

March 31, 111 Date

job title	1101201	date	appointment, date	reason for resignation or dismissal
, general manager	Huang	Yixian 1090311	Job	adjustment
Corporate governance supervisor	Huang	Yixian 1080510	1101201	Job adjustment

(4) Visa accountant Public expense information

unit: NT$ thousand

accounting firm name	accountant name	accountant audit period	audit public expenses	non-audit public expenses	Total	remarks
United Accounting Firm	1100101	～1101231	3,875	824	4,699	Non-audit public expenses are transfer pricing report public expenses 600,000 yuan, U.S. inventory public expenses 83,000 yuan, salary checklistYuan and the advance fee of 111,000 yuan.

1. If the accounting firm is changed and the audit fee paid in the year of change is lower than the audit fee of the year before the change, the amount and reason of the audit fee before and after the change: No such case.
2. If the public audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the public audit fee: no such case.

(5) Change of accountant information:None.

(6) The company's chairman, general manager, manager in charge of financial or accounting affairs, and has worked in the firm of the certified public accountant or its affiliates within the last year: None.

(7) In the most recent year and as of the publication date of the annual report, the transfer of equity of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% and changes in equity pledge:

1. Directors, supervisors, managersShareholders with a share ratio of more than 10% of the transfer of equity and the change of equity pledge:

title	name	the		March 31, 2022	
		number of pledged shares increased (decrease) the number	of shares held increased (decrease) the number of	pledged shares Increase (decrease) number	of shares held Increase (decrease) number of
legal person Chairman and	Investment Co.,	-	-	-Legal	-
legal person director and major shareholder-	-Lin Qiquan	-	-	-	of
legal person director-	,	,	Ltd.-	of	-
person director	Xu Yonghao-	-	-	-	-
representative	Huang Yixian-	(	18,000	-	-
director	-Independent	-	-	-General	-
director	Qingsong-	-	-	-Independent	Yihong-
director	Mingzhe-	)	-Independent	Junliang-	manager
director	Li	Liang	-Legal	Lai	Wu
Deputy General Manager	Wu Hongming-	-Deputy	27,000)	-	-
Manager	Liu Junhong-	-	-	-	-
-Associate	Zhixian-	-	-	-	,
-Major	Bairu-	-	-	Ltd.-	-Accounting
shareholder	Technology	-Associate	General	-	(
Director	Shi	Shixin	Co.	Chengwei-	Lai

2. The relative person of the equity transfer is a related person: none.

3. The relative person of the equity pledge is a related person: none.

(8) Shareholders whose shareholding ratio accounts for the top ten shareholders, and their relationship information

on March 31, 2022

Name (Note 1)	my Shareholdings held		spouse and minor children shares		the name of others held in		beforeThe names or names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.3		Remarks
	Shareholding	Ratio	Shareholding	Ratio	Shareholding	Ratio	)	_	
_ _	_	_	_	_	_	_	_	Note	
(Yong Investment Co., Ltd Representative of	20,000,000	10.03%	-	-	-	-	-Liao Wenjia	Principal Representative of	
Technology (Shares) Company Liao Wenjia	8,000,000	4.01%					Liao Wenjia	Principal	Note 4
-Liao	4,790,000	2.40%	-	-	Ende	:	Liaoof Wenjia	Person in charge	
Huang	Yuan2,827,536	1.42%	-	-	-	-	-Wang Yingjia's	mother	
							Queen Xuanfu	son	
							Paide	mother	
Investment Co., Ltd. : Liao Wenjia	2,350,000	1.18%	-	-	-	-	-Liao Wenjia Person	charge	
Wang Xuanfu 2,254,582	-Huang	1.13%	-	Representative	in	and	Yuan	Mother and son	
							1.06	sister	
							Wang Weilong	brother	
Wang Weilong	2,119,098	%	-	-	-	-	Huang Yuan	mother and	
							-	-	
							1.00	-	
-	Wang Yingjia brother and sister	Huang	Yuan	mother	and	son	Wang	Xuanfu	
							Pidong	brother	

	Wang Xuanfu brother Wang Yingjia 2,000,183						brother	sister	
Wang	1,555,353	0.78%	-	-	-	-No	Zhaoqun1,371,000	%	
Zhan	-0.69	%	**and**	-	-	/	-N	A	

Note 1: All the top ten shareholders are listed, and if they are legal person shareholders, the name of the legal person shareholder and the name of the representative shall be listed separately.
Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, minor children or in the name of others.
Note 3: Shareholders listed in the previous disclosure include legal persons and natural persons, and their relationships should be disclosed in accordance with the issuer's financial reporting standards.
Note 4: The shares of the company repurchased in accordance with the law are expected to be transferred to their employees in the future.

(9) The number of shares held by the company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the company in the same reinvestment enterprise and the comprehensive shareholding ratio

March 31, 2022
Unit: 1,000

-share reinvestment enterprise (Note 1)	directors		, managers indirect		investments	
	direct	controlled	,	enterprises	'	or
's	investme nt	The	company	and	supervisor s	in
,	Note 2	100%	Note 2	-	Note 2	100%
Ende America	1	100%	-	-	1	100%
Zhongde Industrial	Note 2	100%	Note 2	-	Note 2	100%
Youde Machinery	Note 2	100%	Note 2	-	Note 2	100%
Win German Company	22,000	100%	-	-	22,000	100%
Total Grid Precision	11,796	58.11%	4,511	22.22%	16,307	80.33%
Yude Company	5,000	100%	-	-	5,000	100%
Giben Holdings Co.Ltd.(BVI)	10	100%	-	-	10	100%
Giben Holdings Co. Ltd. (SAMOA)	10	100%	-	-	10	100%
Giben America, Inc.	Note 2	-	Note 2	100%	Note 2	100%
Giben do Brasil Maquinas e Equipamentos Ltd.	Note 2	-	Note 2	100%	Note 2	100%
Zongge Precision Machinery (Shanghai) Co., Ltd.	Note 2	-	Note 2	100%	Note 2	100%
MATEC GmbH	Note 2	-	Note 2	100%	Note 2	100%
Anderson Service GmbH	Note 2	-	Note 2	100%	Note 2	100%

Note 1: It is an investment made by the company using the equity method.
Note 2: It is a limited company

(3) Equity dispersion

1. Ordinary shares

111 年 3 月 31 日

持股	持股	股數（股）	比例
1 至 999	23,476	715,477	0.36%
1,000 至 5,000	5,299	11,343,324	5.69%
5,001 至 10,000	1,311	10,552,665	5.29%
10,001 至 15,000	433	5,479,679	2.75%
15,001 至 20,000	317	5,941,156	2.98 %
20,001 至 30,000	300	7,709,426	3.87%
30,001 至 40,000	163	5,828,328	2.92%
40,001 至 50,000	99	4,556,012	2.29%
50,001 至 100,000	184	13,470,941	6.76%
至 200,000	82	11,820,888	5.93%
200,001 至 400,000	52	14,489,471	7.27%
400,001 至 600,000	19	9,196,196	4.54%
6001 to 800,000	6	3,951,635	1.98%
8001 to 100,000,000	1,689,000	0.85	%
1,000,001 or more	162,733,802	2	46.52%
Total	31,759,331,000	100.00	%

.

(4) List of major shareholders

who hold more than 5% of the shares or the top ten major shareholders with equity ratio

on March 31, 2011

No.	Name of major shareholder	Number of shares held (shares)	holding ratio
1	Shixin Technology Co.	39,904,488	20.02
2Yunyong	Investment	20,000,000	10.03
3Ende	Note	8,000,000	4.01
)	Technology	%	%
Ltd.	Co.	%	,
Ltd.	Co.	,	Ltd .
,	(	2,254,582	1.13%
8	Wang Weilong	2,119,098	1.06%
9	1.00	Yingjia 2,000,18 3	%
10	Wang	1,555,353	0.78%
11	Zhan Zhaoqun	1,371,000	0.69%

Pidong

, earnings, dividends and

share

the	years		last	two	related 5
net Price)	worth		for	information	per
	Minimum		4.90	8.42	9.36
	Average		7.88	10.80	10.52
NAV -After	before		10.82	11.38	-
	distribution		10.72	-Earnings	193,138
per share - Earnings	weighted average number of shares (thousands of shares)		per	share	191,548
	(Note 3)	Before retrospective adjustment	(0.61)	1.14	-
		After retrospective adjustment	(0.61)	1.14	-
per Dividends	Cash dividends		0.1	(Note 2)	-
	dividends allotment	surplus	-	(Note 2)	-
		capital reserves	-	(Note 2)	-
	Cumulative unpaid		-	-	-
Investment return analysis (Note 4)	ratio		(12.92)	9.47	-
	(		E ratio 78.8	Note 2)	-
	Cash dividend yield (%)		1.27%	(Note 2)	-

Note 1: The data source is the website of the Taiwan Stock Exchange.
Note 2: Dividend distribution for 20110 has yet to be recognized by the 111 Annual General Meeting of Shareholders.
Note 3: Retrospective adjustment calculation of free allotment .
Note 4: P/E ratio = average closing price per share in the current year/earnings per share; P/E ratio = average closing price per share in the current year/cash dividend per share; cash dividend yield = cash dividend per share/share per share in the current year Average closing price.

(VI) The company's dividend policy and implementation status

1. The dividend policy

is stipulated in the company's articles of association. The company shall allocate 1% to 10% as employee compensation according to to the pre-tax interests of the current year after deducting the benefits before the distribution of employee remuneration and directors' and supervisors' remuneration. Distributed in shares or cash by the resolution of the board of directors, and the recipients of the distribution may include employees of subordinate companies who meet certain conditions; the company can open up the profit amount, and the board of directors will allocate no more than 3% as the remuneration of directors and supe rvisors, only in cash issued. Employee remuneration and directors' and supervisors' remuneration distribution proposals shall be submitted to the shareholders' meeting report. However, when the company still has accumulated losses, it should set aside the amount to cover the losses.

The The company's dividend policy takes into account the changing industry environment and competition, the company's life cycle is in the stage of stable growth, and the company's future capital needs and long-term financial planning. In addition to the previous year's losses, 10% of the statutory surplus reserve shall be allocated first, and then the special surplus reserve shall be withdrawn or reversed according to the regulations of the competent authority. Allocate no less than 10% of dividends to shareholders, and distribute dividends to shareholders. The board of directors shall formulate a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution.

Shareholders' sur plus distribution can be distributed in the form of cash dividends and stock dividends, but cash dividends less than 0.1 yuan per share will not be distributed. Distribution of dividends to shareholders, of which cash dividends account for 30% to 100% of the total dividends , and stock dividends account for 0% to 70% of the total dividends. The aforementioned ratio of earnings distribution may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital situation.

2. Circumstances of the proposed dividend distribution at this shareholders' meeting:

The company has passed the 2011 annual profit distribution plan approved by the board of directors on March 8, 2011, as shown in the table below. relevant regulations.

Cash dividend for ordinary shares	NT$0.1 per share NT	$19,133,100

3 Circumstances in which it is expected that there will be major changes in the dividend policy: None

.

(8) Remuneration of employees, directors and supervisors

1. The percentage or scope of remuneration for employees, directors and supervisors as stated in the company's articles of association: Please refer to (6) for details.

2. The valuation basis of the estimated remuneration amount of employees, directors and supervisors in the current period, the calculation basis of the number of shares for the employee compensation distributed by stock, and the accounting treatment if the actual distribution amount is different from the estimated amount: according to the articles of association of the company The estimated remuneration of employees, directors and supervisors that may be paid is classified as an appropriate accounting item under operating costs or operating expenses according to their nature. If there is any difference between the actual distribution amount and the estimated amount in the current period, it is regarded as a change in the estimate and listed as the current profit and loss of the distribution.

3. Remuneration distribution approved by the board of directors:

   (1) Employee remuneration and remuneration amount for directors and supervisors distributed in cash or stock: On March 8, 2011, the board of directors of the company approved the 110 annual employee, director and supervisor remuneration distribution plan, and the distribution amount Each is 2,593,361 yuan.

   (2) The amount of employee remuneration distributed in stock and the ratio to the total amount of after-tax net profit and total employee remuneration in the current period's individual or individual financial report: Not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous (109) year (including the number of shares distributed, amount and share price), and the discrepancies between the remuneration of employees, directors and supervisors recognized and the difference should be stated , Reasons and Handling: There is no difference between the actual distribution amount of the Company's 2019 employee remuneration and remuneration for directors and supervisors and the recognized amount in the 2010 financial report.

(9) Situation of the company buying back the shares of the company:

On March 31, 111, the

	transfer	and 14th meeting
board of directors resolutions were approved.	On June 25,	108, on July 8, 109, the
purpose of the buyback was to	shares to employees	Transfer shares to employees
buyback period.	108/7/ 1~108/8/23	109/7/13~109/8/26
range Price	NT$7.00-12.00 per	share NT$6.00-11.00 per
share Type and quantity of	Ordinary shares 5,000,000 ordinary	shares 3,000,000 shares
bought back Amount of shares	TWD 47,543,967	TWD 23,775,715 Ratio
the amount bought back to the amount scheduled to be bought backof	100%	100%

The number of shares cancelled and transferred	-	-
Cumulative holdings Number of shares of the company	5,000,000	ordinary shares 8,000,000 ordinary shares
cumulatively held in the company as a percentage of the total number of issued shares (%)	2.51%	4.01%

II. Handling of corporate bonds: None.

3. Handling of special shares: None.

4. Handling of overseas depositary receipts: none.

5. Handling of employee stock option certificates: None.

6. Restriction on the handling of new shares of employees' rights: None.

7. M&A or transfer of shares of other companies to issue new shares: None.

8. Execution of the fund utilization plan: None.

Operation overview

1. Business content

(1) Business scope

1. Main business content

(1) Trading business of various machinery and hardware equipment.

(2) Trading of various mechanical parts and tools.

(3) Manufacture, processing and trading of flat-knife grinders and semi-finished products of flat-knife grinders.

(4) The design, manufacture, processing and trading of the mother machine, chemical machinery, mining machinery, hydraulic machinery and other machinery.

(5) Design, manufacture, processing and trading of various machinery.

(6) Design, manufacture, processing and trading of various furniture and kitchen utensils.

(7) Bidding and contracting business related to the previous installation works.

(8) Trading of chemical raw materials (non-toxic).

(9) Import and export trade and agency business of the aforementioned products.

(10) The leasing business of the aforementioned machinery products.

(11) Printing business related to the previous items of machinery products.

(12) General import and export business (except licensing business).

2. Proportion of sales

unit: NT$1,000

project	110-year	
	turnover of the	Proportion
machinery	2,905,574	80.99%
Plate	682,032	19.01%
Total	3,587,606	100.00%

3. The company's current products

(1) Machinery: CNC machining centers and various CNC industries Machinery (for metal and non-metal) and computer surface grinding machines and related tools, spare parts, printed circuit board drilling machines, forming machines and testing machines.

(2) Plates: wood, mei-resistant board and building materials, but in order to position the company as a professional machinery company, in May 2013, it invested NT$50 million to establish Yude Industrial Co., Ltd. to undertake the business of the company's plate business department. It operates the sheet metal business and has been in business since August 2013.

4. New products planned to be developed
(1) Robot arm manufacturing application integration system development
(2) 3D printing + five-axis machining compound machine development
(3) Plate automatic tenoning machine development
(4) Panel furniture processing factory MES system development
(5) Carbon fiber cloth cutting machine
(6) Smart return line of edge banding machine

(2) Industry overview

1. Current status and development of industry

theThe development of industry and technology has made this industry continue to innovate in terms of materials and production technology, and the more highly developed the economy, the higher the requirements of human beings on the quality of home furnishing, so the home furnishing industry is to meet the needs of human beings. An industry that is indispensable for large basic needs. Since the household industry is indispensable, the necessary raw material for this industry, the board, will not be completely replaced in the foreseeable future. Taiwan is a region lacking natural resources, and its demand for board will always rely on imports. Looking around Taiwan and the advanced countries in the world, after the national income has increased year by year, besides the basic needs of human beings, the home environment and supplies have developed in the direction of comfort, refinement and beauty. Therefore, a small amount of product diversification is an inevitable trend. However, traditional manpower and processing machinery have either increased wages due to rising labor awareness, or are unable to effectively and economically meet consumer demand due to insufficient mechanical precision. Instead, computer numerical control machine tools combined with high-precision electronic technology have arisen. In addition, the vigorous development of modern material science not only diversifies the materials of the household industry, but also achieves many other industries such as electronics, sculpture, molds, sports equipment, and plastics. However, if these industries want to produce economical products, they all need to use computer numerical control machinery in the manufacturing process.

The machinery industry is the cornerstone of a country's industrial development, and its technological evolution and development represent a symbol of a country's national strength. The machinery industry covers almost all human needs and is widely used. The machinery industry is the mother of the industry, and it plays a key role in the development of the industry and in the process of promoting economic growth and foreign trade. The development of downstream application industries such as aerospace and defense industry, automobile industry, general machinery, and metal product processing industry is closely related. Therefore, the development of machinery industry has a profound impact on the expansion of Taiwan's overall industrial output value and the enhancement of added value. The household industry is the basic industry of human beings. Generally speaking, as long as the industry is more advanced, it cannot be independent of machinery. As long as human beings exist, household needs will inevitably occur, and related materials will always exist.

Affected by the spread of the COVID-19 epidemic since 2020, the global economy has experienced a severe recession, and uncertain factors affecting the global economy have increased, which is quite unfavorable to the export of my country's machinery and equipment manufacturing industry. This industry is deeply affected by the performance of global economic growth. In particular, China is the largest export market for my country's machinery industry. Affected by the epidemic and the US-China trade war, China's manufacturing industry has been hit and the demand for machinery and equipment has weakened. To make up for the loss of orders in the US market, and to switch products to domestic sales, the effect of import substitution will also be detrimental to the development of my country's machinery industry in the Chinese market. In the fourth quarter of 2021, under the influence of the substantial growth of the European market and the increase in demand in the Southeast Asian market, and the stable demand in mainland China and the United States, the output value of machine tools was NT$35.49 billion, an increase of 1.9% over the third quarter of 2021. , an increase of 22.3% over the fourth quarter of 2020. Although the world continues to be hit by the pneumonia epidemic, the global export value of Taiwan's machine tool products in 2021 is 130.08 billion, an increase of 23.2% compared with 2020. With the strong recovery trend of the global economy and industrial demand for machine tool terminal applications, which have grown compared with last year, the consumption of machine tools has increased.

China's machinery industry output value in the fourth quarter of 2021

Unit: NT$ million

產業別	2020	2021						2022	2020	2021(e)	2021/2020 年成長	2022 (f)
	Q4	Q1	Q2	Q3	Q4	Q/Q	Y/Y	Q1				
高科技生產設備	45,747	43,069	50,381	51,556	59,736	15.9%	30.6%	48,303	161,771	204,742	26.6%	235,093
金屬加工工具機	29,028	28,595	31,164	34,831	35,494	1.9%	22.3%	33,382	105,608	130,084	23.2%	149,597
產業機械	41,598	37,880	40,296	41,897	45,507	8.6%	9.4%	38,448	140,919	165,580	17.5%	183,449
輸送與搬運機械	14,288	12,893	15,501	15,905	15,744	-1.0%	10.2%	15,000	52,689	60,043	14.0%	61,500
傳動機械	23,324	23,772	28,232	28,288	31,410	11.0%	34.7%	29,281	80,885	111,702	38.1%	128,224
流體機械	22,041	22,149	24,830	24,847	25,272	1.7%	14.7%	23,257	81,182	97,098	19.6%	101,952
工業機器人	2,275	2,568	2,696	2,796	2,814	0.6%	23.7%	2,700	7,585	10,874	43.4%	13,000
建築工程機械	481	392	433	800	784	-2.0%	63.0%	568	1,707	2,409	41.1%	2,771
農業機械	1,556	1,676	1,785	1,889	2,139	13.2%	37.5%	1,978	6,426	7,489	16.5%	7,728
其他機械	63,320	58,444	65,716	75,910	81,798	7.8%	29.2%	60,197	219,775	281,868	28.3%	299,733
機械設備合計	243,658	231,438	261,034	278,719	300,698	7.9%	23.4%	253,114	858,547	1,071,889	24.8%	1,183,047
金屬模具	12,840	11,952	13,382	12,960	12,240	-5.6%	-4.7%	12,000	47,220	50,534	7.0%	50,300
機械合計	256,498	243,390	274,416	291,679	312,938	7.3%	22.0%	265,114	905,767	1,122,423	23.9%	1,233,347

Source:

Machinery and equipment industry output value: ITIS research team of the International Institute of Obstetrics and Technology, Industrial Technology Research Institute

Metal mold industry output value: Metal Center ITIS research team

B. Machine tools used in automobiles Industry

The application industry of Taiwan's machine tools has gradually covered national defense, aerospace, automobiles, 3C, semiconductors, rail vehicles, etc. from the early metal precision processing. It is huge and must be supplied by third-party factories. In addition to the import of the controller, the upstream raw materials include transmission and air compression components, metal components, cast iron, tool magazines, etc. Taiwan's machine tool industry has a complete intermediate system, and the upstream and downstream relationships Close, so the supply of raw materials can be self-sufficient.

At present, Taiwan's machine tool manufacturers are mature in the application of auto parts and components, accounting for 30~60% of most manufacturers' revenue, including cylinders, crankshafts, bumpers, molds, disc brakes, tire molds and aluminum rims, etc. Massive and precise cutting and mass production can be done through the machine tool. In addition, Taiwan's machine tool factories in the aerospace and shale oil fields have also begun to have products.

According to research firm IHS Markit, 79.4 million vehicles will be sold in major global markets in 2021, an annual increase of about 2.9%. IHS pointed out that the global automotive production outlook will be constrained by the availability of automotive chips until at least 2023. As a result, IHS Markit forecasts that car sales will edge up to 82.4 million in 2022, up from 79.4 million in 2021.

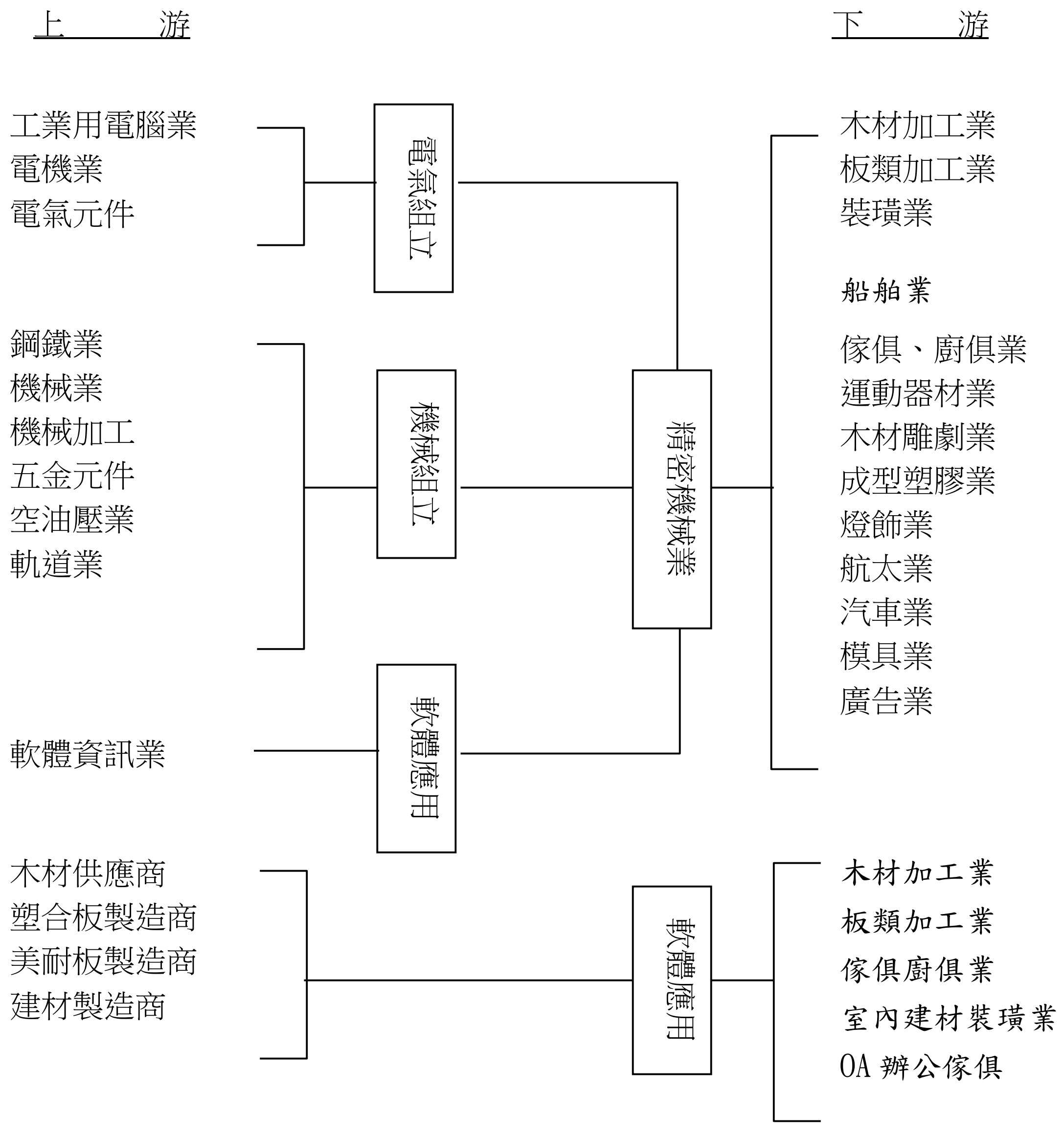
C. Application of machine tools in the aerospace industry

Since COVID-19, due to the recovery of global air travel, easing the pessimistic forecast during the worst period of the epidemic last year, Boeing (Boeing) raised its long-term aviation demand forecast in September 2021, optimistic about the future 20 Annual growth prospects and forecasts that demand will rebound from the 2030s as new technologies develop. Boeing forecasts that global demand for commercial aircraft will reach 19,330 over the next 10 years, up 5 percent from a year ago. 43,610 commercial aircraft, worth about $7.2 trillion, will be delivered over the next 20 years, up 500 from the 43,110 forecast for the same period last year.

Single-aisle aircraft are the mainstream in the market, accounting for more than 70% of the world's newly added aircraft. The main growth momentum comes from low-cost airlines. Because of cheap air tickets and the growth of consumption in tourism-related industries in the world economy, the demand for air travel has increased. The company's composite material processing machines and metal processing tools can be applied to the aerospace industry. Therefore, in recent years, the company has extended its industry to aerospace-related supply chain industries through overseas mergers and acquisitions. Since 2010, to show the synergy of the merger, it is expected that the company's aerospace-related application tool machines will grow with the high growth momentum of the international aerospace industry.

2. The relationship between the upper, middle and lower reaches of the industry A. Precision machinery and sheet industry

The manufacturing process of Taiwan's precision machinery mainly starts from product design and development, followed by outsourcing procurement and quality inspection of related components, and then through precise assembly and testing. The mechanical assembly part can be roughly divided into three stages, namely electrical assembly, mechanical assembly and software application (applicable to CNC models). It is the industry of non-ferrous metal material processing and application. The correlation between the upstream and downstream industries of precision machinery and its peripheral products sheet industry is as follows:



B. Electronic machinery industry

3. Various development trends of products

(1) Machinery:

A. Precision machinery

The price of CNC machining centers produced by our company is mostly between It is designed and manufactured according to the customer's different processing requirements such as cutting, grinding, drilling and shavings of non-metal fiber materials in the production process of US$100,000 to US$200,000. In the future, with the more complex changes of industrial products, the five-axis machining center will become a high value-added machine that the market is chasing after. In addition, due to the rise of computer numerical control machining centers, in developed and developing countries where labor costs are increasingly high, all walks of life are thinking about how to replace the old semi-manual processing machinery with more automated, more precise and fast modern machinery, to produce more competitive products. After more than ten years of research and development and a solid foundation of technology, the company can not only meet the more stringent five-axis machining machine needs of various customers for machining centers, but also provide the expectations of small and medium-sized enterprises in industrial upgrading for automated machinery. Therefore, CNC machining centers are no longer only the needs of large-scale manufacturing and precision industries, but are comprehensive and indispensable models in industrial upgrading. This trend will allow the company's machinery development space to create mass-produced models priced below $100,000 and advanced models with special specifications priced above $200,000.

In addition, through global mergers and acquisitions, the company acquired German precision machinery manufacturers Monforts and Matec in August 2014 and March 2016, respectively, and successfully transformed the existing high-end five-axis composite precision tool machine products from woodworking and composite materials. The processing equipment market is extended to aerospace and automotive applications. The products are mainly tailor-made machine tools, including CNC rotary work machines, moving column machine tools and gantry series machine tools, and the applicable materials are wood and composite materials. Extend to steel and other non-ferrous metals.

B. Electronic machinery

The output value of printed circuit boards on both sides of the Taiwan Strait leads the world, and one of the main processing machines for printed circuit boards is drilling machines and forming machines. Such mechanical characteristics are high precision and high speed, and users need a lot of Therefore, the demand for stability is also high. In the environment of huge market and fierce competition, it will be the future development trend to reduce costs and cooperate with customers' process technology to continuously improve product quality.

(2) Plates: The natural fiber plate raw materials required for Taiwan's furniture and building decoration are almost 100% reliant on imports due to the prohibition of deforestation by Taiwan's environmental protection

policy. In the early days, all kinds of solid wood were the main raw materials. In the past ten years, OA office furniture and European kitchen utensils have been favored by consumers, making the raw materials of melamine board more and more common. In the future, as consumers and the government attach importance to public safety, raw materials with fire-resistant materials will play an extremely important role in the market. In order to position the company as a professional machinery company, in May 2013, it invested NT$50 million to establish Yude Industrial Co., Ltd., to undertake the business of the company's sheet metal business department, and to operate the sheet metal business full-time. It has officially opened since August 2013.

4. Competition situation

(1) Machinery:

A. Precision machinery

The main model produced by the company is the computer numerical control machining center with the highest added value in woodworking machinery. There are very few domestic manufacturers of similar products, and its scale is not enough to compete with the company. Therefore, almost 90% of the products in the domestic market are the company's products. my country's woodworking machine output value ranks fourth in the world after Germany, Italy and China, and its export value surpasses Japan and ranks fourth in the world. Among the well-known woodworking machine manufacturers in Germany, Italy and other countries, there are HOMAG, IMA, MARKA, REICHENBACHER in Germany, CMS and SCM in Italy, and KOMO in the United States. In order to expand the export market, the company has established subsidiaries in Germany and the United States to market and provide after-sales services nearby, and has already established a place in the European and American markets. In addition, with excellent and stable quality and flexible marketing strategy, the company has become the imported brand with the highest sales volume of CNC machining centers in the US market. The main problems that Taiwan woodworking machinery is currently facing, such as the lack of international marketing talents facing the European and American markets, how to strengthen operations in the mainland market and reduce the threat of mainland woodworking machinery to Taiwanese products, the appreciation of the Taiwan dollar, and how the industry should respond are all concerns of the industry. the problem. The company's precision machinery has a wide range of applications and a wide variety. In addition to securing the existing channels, it will continue to deepen its efforts in mainland China, Southeast Asia, Brazil, and develop the Indian market. It will design suitable local models and sell them through agents. The mainland factory is actively adding sales and service bases, developing new models suitable for local customer levels, and making every effort to sprint the domestic market. The Taiwan factory continues to develop high value-added products to increase profits. The signing of ECFA will help the machinery and equipment industry to expand the mainland market. In addition, the inkjet machine is a new product of the company in the past three years. A special department in the Chinese language area will be established to promote the past successful application experience to the furniture decoration and advertising industry in mainland and Southeast Asia. In addition, based on market demand, we develop customized application-specific inkjet equipment to seize new opportunities in the market.

In addition, after the acquisition of German precision machinery manufacturers Monforts and Matec through global mergers and acquisitions, the company successfully introduced the existing high-end five-axis composite precision tool machine products into the aerospace and automotive application fields. The products are mainly tailor-made machine tools. Including CNC rotary work machines, moving column machine tools and gantry series machine tools, etc., the main customers include aircraft manufacturers Airbus (Airbus) and Boeing (Boeing), car manufacturers BMW, Volkswagen and Rolls Royce companies, expanding aviation Too much with the car market.

B. Electronic machinery

The company's main products in electronic machinery are printed circuit board drilling machines and forming machines. At present, the quality of the products in the market is well recognized and the market share is very high. These are all research and development technology institutes for more than 20 years. Accumulated results, and the main shaft of its main components has been successfully developed and partially self-made, which will effectively reduce costs. In the future, the self-made rate of other key components will be expanded, becoming the largest competitive niche. At present, the PCB industry has moved out a lot. To the mainland, the company has marketing service bases in Shanghai, Beijing and Shenzhen, which can quickly meet the needs of customers and create a competitive advantage. As the global financial tsunami gradually moves away, the printed circuit board industry expands equipment procurement business opportunities, and mainland China continues to promote the policy of expanding domestic demand, the company will continue to train production, marketing, and service personnel in an all-round way, and increase service bases to meet customer needs. market share.

(2) Plates: Due to the low barriers to entry in the industry, there are many competitors in the plate market. Among them, mei-nai plates are all supplied by Europe. Although there are markets in Taiwan in areas with rich forest resources in the world, they are still dominated by American materials. There are subsidiaries in Europe and America, which are superior to their peers in terms of supply and price, and have established complete computer-connected storage and transportation centers and sales networks in Taipei, Taichung, and Kaohsiung. In order to integrate the management of plate inventory, the company has completed the establishment of a domestic delivery center, which will centrally manage the inventory scattered in the warehouses in northern, central and southern Taiwan to reduce storage costs. However, most of the competitors in the industry are still regional family or individual companies, which is not enough to create huge competitive pressure on

the company.

(3) Overview of technology and R&D

1. Technical level

Outlook In the future, the development trend of industrial machinery will gradually improve towards automation and computerized machinery, and the efforts and equipment that the company has invested in R&D and design over the years will be the driving force for the development of new models in the future. , In terms of precision machinery, the company has successfully developed various CNC five-axis machining machines, air bearings (AIR PAD), water-cooled high-speed spindles, moving column five-axis machines, inclined five-axis machines, CAD/CAM software, etc. In terms of electronic machinery, we have successively developed printed circuit board drilling machines, forming machines and text jet printers over the years, which shows the company's efforts in the development of key components and the strength of new product research and development. After the design and development of precision machinery and electronic machinery and the procurement of components, the intermediate process requires careful assembly and precise testing by professional technicians. In addition to the academic mechanical training courses, there are also opportunities for foreign mechanical professional seminars. The professional and technical experience accumulated over the years of training has made the company the first domestic precision machinery factory that has passed the German ISO-9001 certification and the European CE certification.

Judging by its global management and industry trends, the company has established sales bases in North, Central and South since 1966, and started a new marketing model of "Woodworking Machinery Touring Exhibition in the Province". Set up a subsidiary in Singapore and use a computerized management system to master the control processes of production, sales and property management. Through the response of international market information, carefully select niche products and use product sales strategies. Since 1986, it has invested more in the research and development of electronic machinery. Since Taiwan is the third largest PCB producer in the world and is close to the mainland market, and the after-sales service of the machinery industry has always been one of the factors for customers to decide to buy, the company will be close to the market. , can provide customers with integrated technical information services, so that the company has a more favorable foundation for international development.

2. Research and development

The company attaches great importance to research and development, and has a research and development department, which consists of an electronic control design department, a mechanical design department, a spindle room and a software application group.

publication of

in

annual	report	achievements
years	of	□ development □ expenditures □ theDevelopment

		□ of high-precision five-axis spindle head group development of □ synchronous permanent magnet spindle development □ -format monochromedevelopment
jet	printing	□ automation □ of □ line □ rapid □ wideDevelopment plan of box-intelligent digital □ mask □ inkjet
inkjet	of	□ machine □ Development □ printerAutomatic tenoning machine development □ Panel furniture processing plant MES system development □ Carbon fiber cloth cutting machine □ Edge banding machine Smart return line

Note 1: Values in the consolidated financial statements verified by certified public accountants or reviewed.

Note 2: As of the date of publication of the annual report, there is no latest financial information that has been verified, certified or reviewed by an accountant.

(4) Long-term and short-term business development plans

1. Short-term plans

(1) Production

A. In response to the increasingly wide application of precision machinery and the vigorous development of Taiwan's electronics industry, various electronics manufacturers have expanded their production capacity. The demand for equipment and precision machinery will increase accordingly, and the company's existing production capacity will be slightly insufficient. Therefore, it plans to increase the production plant and raw material warehouse for mechanical assembly, in order to increase production and strengthen competitiveness.

B. According to sales status and market research results, in addition to order-based production, several standardized and standardized models are designed according to production capacity, and planned production schedules are adopted to improve production capacity utilization and reduce production costs. advantage and increase market share.

C. Considering the cost and the huge demand for cutting tools in mainland China, the company expects to move the production of cutting tools to the mainland, and the production will be carried out by subsidiaries. component quality and lower costs.

(2) Product R&D capability

A. Strengthen the

high-speed development of the R&D spindle of key components: Based on the self-developed technology, the company has developed an air-cooled 10Hp, 24000rpm high-speed spindle based on the cooperation between the Institute of Mechanical Engineering of ITRI and academia. And use the grease lubrication method of higher level technology, will continue to complete 15Hp, 24000rpm oil mist and grease and other products in the short term.

High-speed feed: Time saving in the process of cutting feed and movement will be one of the future trends. The company plans to invest in research and development of feed technology to enhance product competitiveness.

B. Research and development of new product lines

Use core technology and foreign technology to develop the following new products:

a. Robot arm manufacturing application integration system development

b. 3D printing + five-axis machining compound machine development

c. Development of automatic tenoning machine for sheet metal

d. Panel furniture processing plant MES system development

e. Carbon fiber cloth cutting machine

f. Smart return line of edge banding machine

C. In addition to continuously implementing employee education and professional skills training, and irregularly arranging employees to participate in international technical training courses to improve the professional quality of personnel, it also plans to hire technical, technology and other professional engineers to invest in the R&D lineup.

(3) Marketing strategy

A. Strengthen the market development capabilities of overseas subsidiaries in Europe, the United States, Southeast Asia and the mainland, recruit more business and technical personnel, and provide fast and good sales and after-sales service. In addition, it collects new product market and application technology development information on the spot to provide reference for manufacturing, design and R&D units.

B. Add domestic and foreign sales and service bases. In addition to providing product sales and after-sales service nearby to meet customer needs and strengthen its own brand image, through the collection and mastery of regional market information, it can provide information on new products at any time. Give full play to the interactive functions of research and development and coordination of production and sales.

(4) Operation and management

A. Establish a global information network, build a video conference system, and conduct real-time management to save management costs.

B. Strengthen inventory and accounts receivable management, reduce capital requirements and reduce capital costs.

2. Long-term development plan

(1) Production

A. The company expects to gradually increase the proportion of CNC machinery production, so that the company's own brand machinery can be sold at home and abroad to increase market share, and to expand domestic machinery production plants to increase machinery production capacity .

B. Considering factors such as regional production and consumption factors, possible implementation of international protection policies in the future, and access to the market to grasp sales channels, we plan to find suitable overseas assembly factories in the future, utilize local production resources nearby, and reduce production costs to increase the product line. The depth and breadth enable the company to become a professional CNC machinery manufacturer with international reputation.

(2) Product research and development capabilities

A. Continue to develop new functions or key components of CNC machinery, and seek to replace imported related components, so as to strengthen the technical capabilities of CNC machinery manufacturing and improve product quality.

B. Through the successful development and mass production of machinery such as printed circuit board drilling machines and forming machines, the company has successfully entered the field of electronic machinery business. With the vigorous development of the electronic industry, the demand for related electronic machinery will increase relatively. In the future, the company plans to cooperate with relevant units such as the Machinery Institute of the Industrial Technology Research Institute to aim at the research and development of a series of electronic industry-related machinery, such as motherboards, semiconductors and other industrial-related electronic machinery and equipment. It is expected to cooperate with the national economic development policy and replace it with self-made machinery. import to enhance national competitiveness.

(3) In terms of marketing strategy, in

addition to strengthening the sales performance of marketing bases in various regions of the world, considering factors such as the size of the sales customer base in each region, installation technical guidance and after-sales maintenance services, it is planned to set up technical support centers in important overseas markets. Provide technical and spare parts services nearby to meet customer needs and maintain the company's quality image.

(4) In terms of operation and management, it is planned that overseas subsidiaries and overseas assembly plants will be connected to computers in the future, which can not only manage the overview of overseas reinvestment business in real time, but also help product marketing, cost control and fund management operations, and upgrade the Taiwan head office. For the research and development, manufacturing and financial control center, it can also quickly grasp the market information, new product design and technology, and market strategies and other information in order to cope with the changing environment of the global economy. This management model can be used for future multinational companies. Manage paving.

2. Overview of the market and production and sales

(1) Market analysis

1. Sales (providing) regions of main commodities (services)

The company mainly produces precision machinery, electronic machinery, hardware tools, plates and other products. The distribution of the main sales regions is as follows:

Unit: New Taiwan

596,764	957,215
_	_
China	_
States	475,484
Germany	370,939
Brazil	282,491
Australia	233,987
Thailand	35,585
Others	635,141
Total	3,587,606

–
UnitedMost of them can only produce or sell some models. According to the list of manufacturers of the China Woodworking Machinery Development Association, in addition to Ende, there are also companies such as Zhonggong Machinery, Changfeng and Binmao. As for the well-known precision machining machine manufacturers in Germany and Yi and other countries that produce the same models as our company, there are Germany HOMAG, IMA, MARKA, REICHENBACHER, Italian CMS, SCM, American KOMO and other companies.

(2) Electronic machinery: Well-known foreign manufacturers of PCB machinery include Japanese HITACHI, German SCHMOLL and other companies, while Taiwanese counterparts are Dadu, Longze, Dongtai and other companies.

3. Future market supply and demand and growth

A. machinery

(A) Precision machinery

The company's precision machinery is mainly computer numerical control metal,non-ferrous metal and composite material processing machines, mainly divided into woodworking machinery, composite material processing machinery, and metal processing machinery .machinery descriptions are as follows:

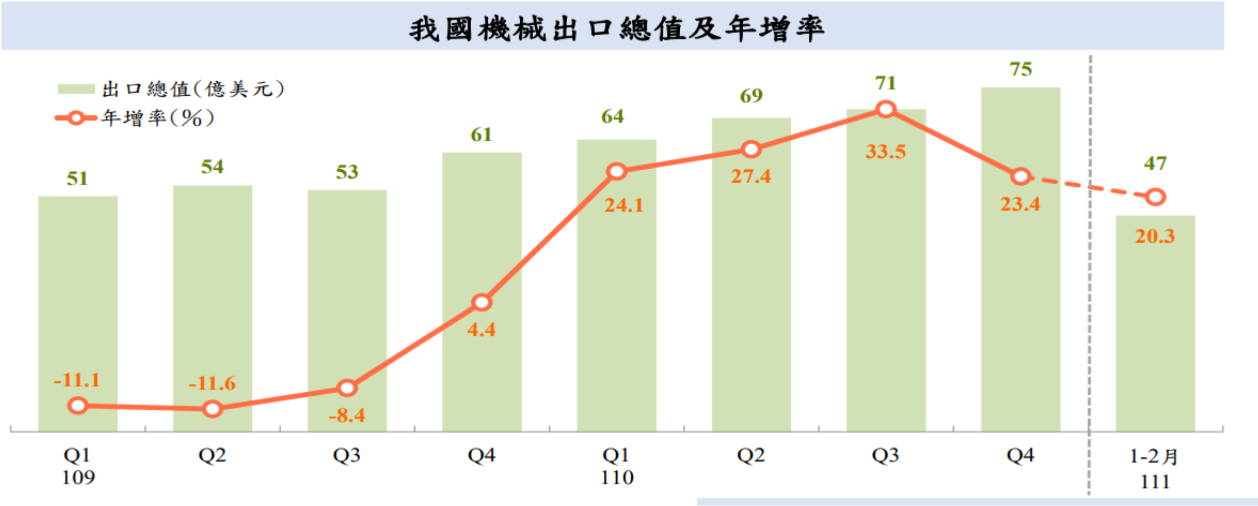
(a) Woodworking machinery

The company is mainly the computer numerical control machining center and spindle with the highest added value in woodworking machinery. There are very few domestic producers of similar products, and the scale is not enough to compete with the company. Ninety percent of the market share is the company's products. Taiwan's woodworking machinery used to be mainly for domestic sales. With the move of furniture and woodware industries to Southeast Asia and the mainland, it turned to focus on the export market. So far, Southeast Asia and the mainland have become the most important markets for Taiwan's traditional woodworking machinery; computer numerical control and automation machinery, It has always been dominated by Europe and the United States. In recent years, there has been a trend of increasing demand in Southeast Asia; DIY machinery has always been export-oriented, and the region is mainly North America and Europe, which can be distinguished by the difference in target markets. According to customs export statistics, the main export markets are North America (the United States and Canada), mainland China and Southeast Asia (Vietnam, Malaysia, Indonesia, Thailand, etc.), most of which are DIY machines such as sawing machines and woodworking lathes with low unit prices. The second is processing machinery with high added value. In addition to the main export markets for woodworking machinery, developing countries such as India, Turkey, Russia and Eastern Europe are another emerging market for Taiwan's machinery manufacturers.

Since the output value of Taiwan's woodworking machinery exceeded NT$10 billion in 1982, Taiwan's woodworking machinery has become the third largest exporter in the world, second only to Germany and Italy. After Taiwan's woodworking machinery moved to Southeast Asia and mainland China with the building materials and furniture industries, and European and

American countries also moved their production bases here, the demand for woodworking machinery in this region has grown significantly, as both Southeast Asian countries and mainland China are Chinese communities. Leading the development of industry and commerce, with similar culture and living habits, Taiwan has successfully opened up the export market here. In recent years, due to the vicious competition in the domestic industry and the poor profitability, the export ratio of Southeast Asia has declined; on the contrary, the export value to mainland China has increased significantly. In the past few years, it has been the second largest market for woodworking machinery exports after the United States, but since 1999, it has surpassed the United States and ranked first in Taiwan's exports.

The most representative countries in the world for export, such as Germany, Italy and Taiwan, because the United States is currently dominated by the North American market and still has little export, while Germany, Italy, and Taiwan, Taiwan and Italy have fiercer competition in the export of products.



(b) Composite material processing machinery (which can be applied to the processing of supply chain equipment and car bodies related to the automotive and aerospace industries)

Taiwan's machine tool application industry has gradually covered national defense, aerospace, automotive, 3C from the early metal precision processing. , semiconductors, rail vehicles, etc., which are widely used in a wide range of applications. Due to the complex manufacturing process of machine tools, the required number of components and components must be supplied by third-party factories. In addition to the import of controllers, the rest of the upstream raw materials include transmission and air compressor components. , metal components, cast iron, tool magazines, etc. Taiwan's machine tool industry has a complete intermediate system, and the relationship between upstream and downstream is close, so the supply of raw materials can be self-sufficient.

At present, Taiwan's machine tool manufacturers are mature in the application of auto parts and components, accounting for 30~60% of most manufacturers' revenue, including cylinders, crankshafts, bumpers, molds, disc brakes, tire molds and aluminum rims, etc. Massive and precise cutting and mass production can be done through the machine tool. In addition, Taiwan's machine tool factories in the aerospace and shale oil fields have also begun to have products.

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(c) Metal processing machinery (mainly used in aerospace industry and automotive industry customers)

As it takes several years from order to delivery of aircraft, the amplitude of the boom cycle of the aerospace manufacturing industry is flatter than that of the demand-side air transportation industry, but it is still comparable to the demand-side air transportation industry. The overall global economy and air passenger capacity are closely related. Boeingin its 2020market forecast that it expects global demand for passenger jets to plummet over the next 10 years as passengers around the world remain wary of air travel due to the coronavirus pandemic. Boeing lowered the value of its planes and air services over the next 10 years to $8.5 trillion and lowered its forecast for deliveries over the next 20 years for the first time since the global financial tsunami in 2008. Boeing also lowered its forecast for annual global shipping growth to 4 percent. Both Boeing and Airbus have slashed production rates as the pandemic has made airlines and aircraft lessors unable or unwilling to take delivery of new planes ordered in recent years.

(B) Electronic machinery

The company's main products are the forming machines and drilling machines for printed circuit boards. Electronic products are changing with each passing day and are used more and more widely, such as 3C integration trend products, high-definition television (HDTV), liquid crystal display (LCD) Televisions, multimedia sound effects, video products, high-speed network interface cards and various IC cards have been launched one after another, and personal computers and notebook computers have grown rapidly with the continuous improvement of CPU levels, and their computer peripherals will still show a growing trend in the future.... .Wait. Due to the continuous growth of various electronic product markets, the printed circuit board industry, which provides electronic component support and interconnection circuits, has also shown steady growth. There are many products of printed circuit boards, and there are many domestic producers and sellers of this product. The main products of the company are the forming machines and drilling machines ofprinted circuit boards. The combined output value of mainland China, Japan, Taiwan and South Korea accounts for more than 80%,Korea can be regarded as the most important bases for PCB production in the world. Manufacturers showing that all regional markets have recovered from the last recession. According to estimates by the Taiwan Circuit Board Association (TPCA), the output value of Taiwan's PCB industry in 2019 reached 656.2 billion yuan, which was flat to slight growth compared with 2018 estimates. In addition, as the PCB industry moves towards Industry 4.0, the use of ICT hardware, software and system integration technology enables factory production behavior to have the characteristics of sensor networking, data collection and analysis, artificial intelligence virtual and real system integration, and human-machine collaborative operation. The industry has achieved "smart manufacturing", optimizing the capacity allocation of production lines and production links, independently adjusting the supply and distribution of upstream and downstream, and real-time tracking of production history and other special industrial revolutions. The forming machines and drilling machines currently produced by our company will also grow along with the growth of the printed circuit board industry in the future.

B. Plate

The company's plate products mainly include wood, various high-grade building materials and melamine plates. The current market demand for such products is estimated to be about 5,000,000,000 yuan. The company's sales have recovered after the financial turmoil, and will continue to focus on development. For new products, cooperate with suppliers to strengthen promotions to increase the revenue of sheet products.

4. Competitive niche

market opportunities

grasping, In addition, the mechanical functions are summarized, analyzed, developed and designed for modular production, reducing costs and shortening mechanical development time. The products have the advantages of price, speed and flexibility, and make full use of CNC precision machinery technology to take the lead in entering the electronic machinery market and grasp the future machinery market. the first opportunity.

B. Strong R&D strength, products have been repeatedly recognized.

Looking forward to the future, the development trend of industrial machinery will gradually improve towards automation and computerized machinery, and the company's efforts and equipment in R&D and design over the years will be the driving force for the development of new models in the future. , In terms of precision machinery, the company has successfully developed "WOOD CAM software", "CAD/CAM software for chip engraving machine" and "10Hp/2400rpm spindle" in recent years. In terms of electronic machinery, it has successfully developed the first domestic machine "Printed Circuit Board Drilling Machine".

C. Precise assembly technology and quality control, stable product quality.

After the design and development of precision machinery and electronic machinery and the procurement of components, the intermediate process requires professional technicians to carry out careful assembly and precise testing. The turnover rate of the company's technical quality control personnel is very low. , and attaches great importance to personnel professional and technical training. In addition to domestic academic mechanical training courses, it also provides opportunities for foreign mechanical professional seminars. The professional and technical experience accumulated over many years of training has made the company the first domestic company to pass the German ISO-9002 certification. And European CE certified precision machinery factory.

D. The domestic and foreign marketing network is smooth, and the integrated service is provided.

Judging by the company's global operation management and industry trends, since 1966, the North, Central and South marketing bases have been established, and the new marketing of "Woodworking Machinery Touring Exhibition in the Province" has been launched Model, and set up subsidiaries in Europe, America and Singapore since 1982, using computerized management system to master the control process of production, sales and property management, through the response of international market information, carefully select niche products and use Product sales strategy. Since 1986, it has invested more in the research and development of electronic machinery. Since Taiwan is the third largest PCB producer in the world and is close to the mainland market, and the after-sales service of the machinery industry has always been one of the factors for customers to decide to buy, the company will be close to the market. , can provide customers with integrated technical information services, so that the company has a more favorable foundation for international development.

5. Advantages, disadvantages and countermeasures of the development prospect:

A. Advantageous factors

(A) Own brand and own channel. In addition to establishing a good product image to facilitate market promotion, the company is also committed to establishing its own marketing channel. Establishing a dense marketing network both domestically and internationally is conducive to deepening the market and grasping the source of customers and thus occupying the market for a long time.

(B) Multi-angle product operation, low operational risk, the company has branched into non-metal precision processing machines, printed circuit board processing machines and related tools in the machinery category; the plate category also includes wood, melamine board, building materials, etc., with diversified products , which will not affect the company's operations due to changes in the economic climate of the single market.

(C) With a small and diverse production capacity, the company's products have dozens of different types, and can quickly meet the different needs of customers under the design, production modularization and complete supply of Zhongwei components.

(D) The products are of good quality and are widely recognized. The company's products are the only CNC non-ferrous metal processing machines in China that have passed ISO-9001 and EU CE safety standards. Award, and the CNC five-axis non-ferrous metal processing machine also won the National Product Image Silver Award, which shows that the excellent quality is not only recognized by the government but also widely loved by customers.

B. Disadvantages

(A) The homogeneity of different brands of products is high, the price competition is fierce, and the product life cycle is short.

Countermeasures:

a. Act as an international strong brand with different market positioning, and build a complete product line.

b. Actively develop the export market and deploy multi-brand product types.

c. Strengthen the differentiated marketing model of its own product Flsah Content to enhance its sales value.

d. Establish and operate long-term customer and supplier relationships.

(B) There are limited global suppliers of high-speed air-floating spindles and controllers for key components of electronic machinery.

Countermeasures:

The company has sufficient R&D talents, and has started the development of the main shaft project, and has obtained preliminary results. After mass production, the disadvantage of limited supply of accessories will be eliminated.

(C) The scale of existing competitors is getting bigger and bigger, and most of them have formed strategic alliance partners with upstream FAB factories.

Countermeasures:

Strengthen cooperation with customers. In addition to improving yield and shortening delivery time to meet customer requirements, we also introduce major international manufacturers as strategic alliance partners to strengthen the cooperative relationship between the two parties.

(D) Due to the fierce competition in the printed circuit board industry, the production technology has progressed rapidly. In order to cooperate with the development of the industry, it also requires rapid improvement of the functions of the relevant production equipment.

Countermeasures:

In response to the short life cycle of mechanical products in the market, in addition to increasing research and development expenditures, the company has also obtained technical cooperation with foreign countries to cooperate with industrial development.

(E) Plate products are mostly imported, so exchange rate changes have a great impact on the company's profits.

Countermeasures:

The company adopts appropriate risk-averse financial operations to eliminate the unfavorable factors of exchange rate fluctuations.

(2) Important uses and production processes of main products 1. Important uses of main products

(1) Machinery:

A. For automatic production process of metal and non-metal fiber wood cutting, grinding, drilling, molding and shavings, etc. Different processing needs can be used in the furniture industry, electronics industry, mold industry, sculpture industry, sports equipment industry, plastic industry, automobile industry and aerospace industry.

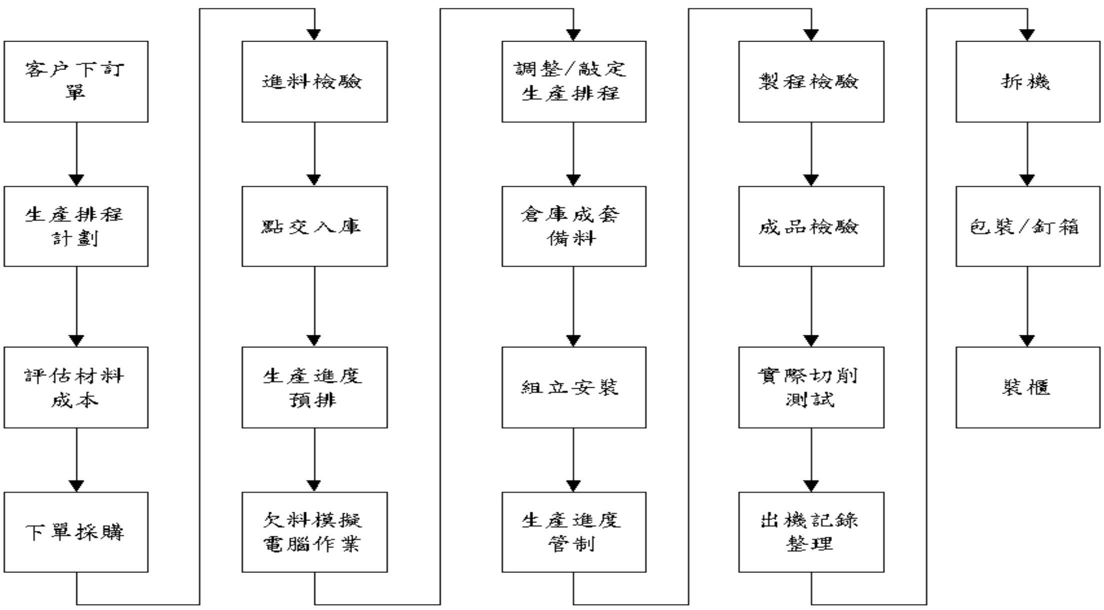
B. Provide the flat knives and shaped knives required for the use of the above-mentioned mechanical functions.

(2) Plate:

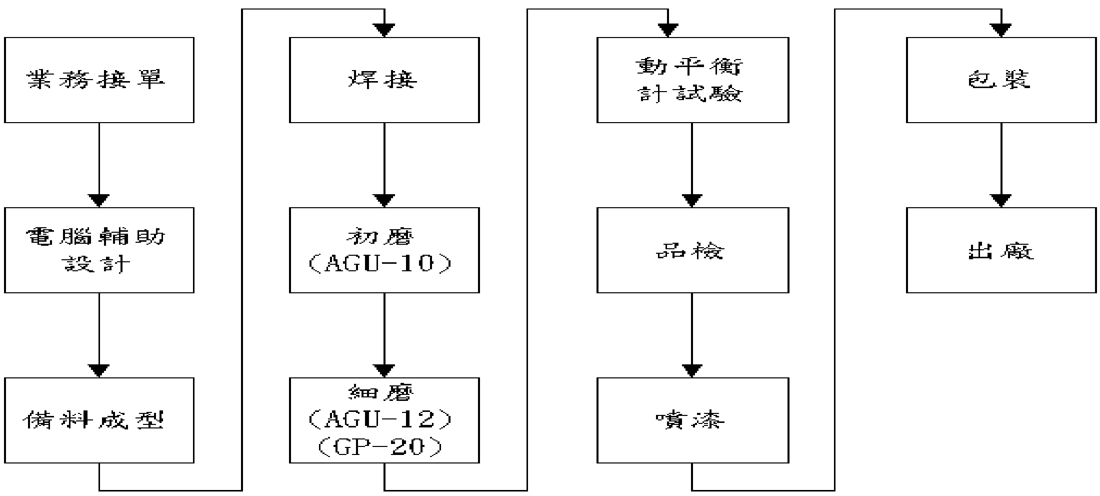
used for the manufacture of interior furnishings and decoration in homes, offices and commercial places.

2. Production process

(1)



(2)



(3) Supply status of main raw materials

The company has thousands of raw materials for machinery, among which the main materials are cast iron, granite, controllers, motors, spindles, ball screws, etc. Suppliers In addition to domestic and foreign countries, it has also spread to Japan, Germany, France and other advanced countries. Since the company has been operating CNC machinery for more than 20 years, it has established a long-term good relationship with suppliers, and has excellent quality, price and after-sales service. Can meet the needs of the company, so far, no shutdowns have occurred.

List of customers

) who have accounted for more than 10% of total purchases and sales in any of the last two years In any of the last two years, the company has no manufacturers that account for more than 10% of the total purchases, so it does not apply.

2. The names of customers who have accounted for more than 10% of the total sales in any of the last two years and their sales amount and proportion: The company has not accounted for more than 10% of the total sales in any of the last two years customers, it does not apply.

production value in the last two years

thousand
Quantity unit: Machinery - Taiwan

production value Main commodities	109					
	110	Output	value	capacity	Production	value
Machinery	660	660	1,502,945	862	862	2,167,865
$	of	Production	capacity	Annual	production	2,167,865

the last two years

unit
unit: Machinery - Taiwan

value commodities		109				110			
		Domestic		sales		sales		sales	
			Value		external		Main		Quantity
and	1,000	dollars	volume	6	in	118	262,533	778	2,618,268
	Trading	Note	21,017	Note	16,905	Note	12,650	Note	12,123

Plate	trading	Note	584,365	Note	222	Note	682,032	Note	0
Total		107	932,886	638	2,278,060	118	957,215	778	Sales

and sales of other products are inconsistent due to inconsistencies in measurement units.

3. Employee

data for the last two years and as of the date of publication of the annual report

March 31, 111

Year		109 Year	110	year ended March 31, 111
220 Number of	Direct employees	170	170	Indirect
	employees	315	339	344
	R&D personnel	94	90	89
	Total	629	599	603
Average age		43.4	44.1	44.5
Average years of service		9.9	10.0	10.3
Educational distribution ratio	Doctor	0	0	0
	Master	60	55	54
	Junior college	297	280	280
	High school	249	243	246
	Below high school	23	21	23

IV. Environmental expenditure information

1. The company's factory mainly produces CNC machinery and electronic machinery, and adopts the production method of the central satellite system. The central factory (the company) is responsible for development, design, assembly, and marketing. Most of the components are supplied by third-party manufacturers. Therefore, in the process The central plant will not produce any pollution, and will not damage the ecological environment. However, the company is still committed to the following measures to improve the working environment, in order to provide a comfortable and happy working environment for employees, thereby improving work efficiency.
   (1) Develop a safety and health work manual.
   (2) Set up labor safety and health management units.
   (3) Set up a complete fire protection system.
   (4) Carry out work environment measurement.
   (5) Carry out greening and beautification of the factory area.
   (6) Cooperate with the government's environmental protection policies.
2. In the most recent year and as of the publication date of the annual report, the total amount of losses and penalties due to environmental pollution and future countermeasures: Not applicable.

V. Labor-Management Relations

(1) Employee welfare measures, further education, training, retirement system and its implementation:

1. Employees are an important resource of the company, so the company has always paid attention to labor-management relations. In addition to complying with the prescribed matters, the company implements the whole body health check of employees every year, and encourages all employees to "learn on the job and work after study", improve personal quality through education and training, increase work skills, enhance team performance, and promote the group's "long-term, stable, and Development, science and technology, international" business goals to achieve. The company also has a number of measures to take care of its employees.

   (1) Employee insurance:

   A. According to the provisions of Article 6 of the Labor Insurance Regulations, all employees shall join the labor insurance from the day they enter the factory.

   B. According to the nature of work, take out personal accident insurance, and the insurance premium is fully borne by the company.

   (2) Implementation of staff salary adjustment, bonus and bonus system.

   (3) All employees of the company, their spouses, parents, and children are entitled to subsidies or pensions due to marriage, childbirth, death and disability.

   (4) Employee emergency subsidy measures.

   (5) Allotment of staff uniforms.

   (6) On -the-job and off-site academic training for employees.

   (7) Various employee activities such as travel.

2. Retirement system and its implementation:

   The company has established retirement methods. All employees in the establishment, who have served a certain number of years or who have reached a certain age or are unfit for the post, can receive retirement benefits according to this method. The company transfers the pension to the pension account of the Central Trust Bureau every month.

   In addition, since July 1, 1994, in cooperation with the implementation of the Labor Pension Regulations (hereinafter referred to as the "New System"), employees who were originally subject to this regulation have chosen to apply the new system after the service years or after the implementation of the new system. The employee's service years are changed to a fixed allocation system, and the company's pension payment is made monthly by the company at a rate of not less than 6% of the monthly salary, and is deposited in the labor pension personal account.

3. The agreement between labor and management and the failure to protect the rights and interests of various employees

   The company's labor relationship has always been harmonious, and the labor and management are handled in a variety of communication and coordination methods, so that both labor and management can gain a common understanding and facilitate the smooth progress of various tasks.

   (1) Meetings of various departments, through which appropriate communication is made with employees, so that employees can fully understand and timely reflect the ideas of employees in production operations, safety and health and quality control, and reach a consensus.

   (2) Employee Welfare Committee Meeting, through which both employers and employees can discuss various welfare measures with each other to strengthen mutual relations and serve as a reference source for administrative management.

(2) Losses due to labor disputes in the most recent year and up to the date of publication of the annual report: None.

6. Information security management

(1) Describe the information security risk management structure, information security policy, specific management plan and resources invested in information security management, etc.:

The information department of the company is currently responsible for coordinating and implementing the information security policy , to promote information security information, enhance employees' information security awareness, etc. The audit office conducts an annual information security audit on the internal control system to evaluate the effectiveness of the internal control of the company's information operations. The company plans to set up a dedicated information security unit (including a dedicated information security supervisor and at least one dedicated information security person), which is expected to be completed by the end of 2011.

(2) List the losses, possible impacts and countermeasures suffered from major information security incidents in the most recent year and as of the date of publication of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated: None.

7. The

nature	parties	contract 112.09.18	The main content	Restriction clauses
Medium-term loan from	Taiwan Bank	107.09.18~ .	line of credit is 120,000,000 yuan, the period is 5 years, and the interest is paid monthlyrepay the principal.	No
medium-term loan	Taiwan Small and Medium Enterprise Bank	107.12.24~ 110.12.24 The	credit line is 50,000,000 yuan, the period is 3 years, 30,000,000 yuan is used, and the interest is paid monthly. It is divided into 36 installments, and the principal is amortized on an average monthly basis.	No
medium-term loan	Wangdao Bank	108.03.14~ 111.03.14 The	credit line is 100,000,000 yuan, the period is 3 years, the interest is paid monthly, the principal is graced for 1 year, and the first instalment is repaid on the 1st day of the nearest month 12 months before the expiration, and thereafter 1 instalment every 3 months, repayment in 9 instalments in total.	No
medium-term loan	, Bank of Taiwan	109.06.15~ 116.05.15 The	line of credit is 174,000,000, the grace period is 3 years, the principal is amortized in 48 installments, the interest is calculated monthly, and the principal is amortized on the 15th of each month. A: The working capital is 50,000,000, 7 years; within 2 years after the contract is signed, 80% of the invoice will be verified once or in installments. B: 19,000,000 new factory buildings, 10 years.	No

nature	parties	contract 112.09.18	The main content	Restriction clauses
			Within 3 years after the contract is signed (excluding 10% of the reserved amount, the actual loan will be reapplied in batches within the range of 80% based on the contract + invoice certificate. C: Purchase of machinery and equipment 105,000,000, 7 years, within 3 years after the contract, based on the invoice + In the sales contract, the actual loan is approved in batches within 80% of the invoice amount, or within the range of 80% of the invoice amount of foreign bills. If there is an advance from import financing, it should be repaid first.	
medium-term loan	First Bank	109.07.16~ 114.07 .15	The credit line is 130,200,000, 5 years, and the use period is 109/08/13, and the total use of the following item C shall not exceed NT$175,000,000. (At the time of lending, the current balance of the former quasi-interim guarantee is recovered at the same time)	No
medium-term loan	First Bank	109.07.20~ 116.07.15 The	credit line is 157,400,000, the grace period is 3 years, the interest is calculated and collected on a monthly basis, and the principal is amortized on an average monthly basis from the date when the grace period expires. 10 years. B: Purchase software and hardware 551.000.000, 10 years. C: Operating working capital 444,800,000, 7 years.	No
medium-term loan	Mega Bank	109.11.04~ 114.11.04	Line of credit 80,000,000, with payment letter and salary Transfer details table use; use period 2020/09/30-2021/06/29, grace period 1 year, 13-60th principal amortization is paid monthly with interest	no
medium-term loan	Changhua Bank	110.12.15~ 116.12.15	The credit line is 30,000,000 yuan, the loan period is 5 years and the grace period is 1 year. The SME credit guarantee fund indirectly guarantees 80%. The first transfer will be completed within 3 months after the loan is approved, and the transfer	There is no

nature	parties	contract 112.09.18	The main content	Restriction clauses
			should be made on June 30, 2011 at the latest. Completed.	
medium-term loan	Taiwan Bank	~ 115.12.08	limit of 120 million, and the building in Taichung Port Processing Export Zone, Wuqi District, Taichung City is provided as a guarantee	110.12.8

. , Financial overview

1. Condensed balance sheet and consolidated profit and loss statement for the last five years

(1) Condensed balance sheet - International Financial Reporting Standards (Consolidated Financial Reporting)

Unit: NT$,000

Annual Items		Financial Information for the Last Five Years (Note 1)				
		106 年	107 年	108 年	109 年	110 年
流動資產		4,230,071	4,367,727	3,460,618	3,352,181	3,606,327
不動產、廠房及設備 (註 2)		1,161,333	1,142,940	1,129,987	1,148,829	1,033,759 無形資產
145,840		140,371 119,661	110,923	103,177	其他	資產
(註 2)		145,595	200,370	282,957 398,702	358,326	資產
總額		5,682,839	5,851,408	4,993,223	5,010,635	5,101,589 流動
負債	前	2,890,362	2,734,153	2,297,515 2,332,041	2,232,757 分配後	2,971,061
	2,760,066	2,297,515	2,332,041	註	3	非
流動		470,948	492,366	344,558 494,344 577,990	負債	總額
分配	前	3,361,310	3,226,519	2,642,073 2,826,385	2,810,747 分配後	3,442,009

	3,252,432	2,642,07 3	2,826,38 5	註	3	歸屬
於業主之		權益 2,300,3 72	2,577,24 8	2,231,75 6	2,069,87 1	2,177,581
股本		1,800,00 0	1,998,81 0	1,993,31 0	1,993,31 0	1,993,310
資本		公積 266,674	369,134	398,472	366,392	233,024
保留 盈餘	前	326,737	289,396	9,753 114,235 216,565	分配後	246,038
	263,483	9,753	114,235	註	權益	3
其他		(58,067)	(75,178)	(102,729)	(104,276)	(193, 998)
庫藏股票		(34,972)	(4,914)	(47,544)	(71,320)	(71,320)
非		21,157	47,641	119,394 114,379	113,261	權益
總額 後	前	2,321,52 9	2,624,88 9	2,351,15 0 2,184,25 0	2,290,8 42 分配	2,240,830
	2,598,976	2,351,15 0	2,184,25 0	註	3	註

1 : The consolidated financial information for each of the above years has been verified and certified by an accountant.

Note 2: No revaluation of assets was carried out in the above years.

Note 3: The figures after distribution mentioned in the above table are filled in according to the resolutions of the annual shareholders' meeting.

(2) Condensed Consolidated Profit and Loss Statement - International Financial Reporting Standards (Consolidated Financial Statements)

Unit: Except for the earnings per share which is NT$, the rest is

the annual item	(Note 1)				
	106	107	108 年	109 年	110 年
收入	4,465,134	4,905,234	4,160,545 3,210,946 3,587,606 營業 毛利 1,335,998 1,292,566	1,020,029 854,486 928,253	營業
損益	112,622	85,628	(	288,802	)
(	131,741	)	70,896	營業 外 收 入	及
支出	10,985	(20,683)	12,799	6,206	206,939
稅前	淨利 123,607	64,945	(276,003)	(125 ,535)	277,835
continuing business units for current period	94,935	40,188	(273,051)	(118 ,019)	218,972 Loss of
discontinued units	-	-	-	-	-

Net profit (loss)	94,935	40,188	)	(118 ,019)	273,051
Other comprehensive profit and loss (after-tax(	(6,074)	(14,055)	(	91,250	) Tota l com prehensi ve
and	88,861	26,133	(	(299 ,107)	127,722
for 2,746	period	115,273	)	) loss 26, 056	profit
theEquity	(1,586)	(789)	1,567	714	750
Total comprehensive profit and loss attributable to owners of parent company	90,697	26,247	)	(115 ,782)	126,843
comprehensive profit and loss attributable to non-controlling interests	1,836)	(114)	1,680	509	879
300,787	Total	(	(1.39)	(0.6 1)	1.14

Note 1: The consolidated financial information for each of the above years has been verified and certified by an accountant

(3) Condensed individual balance sheet

unit: NT$ thousand

<table>
<tr><td colspan="2">annual

items.</td><td colspan="5">Financial information of the last five years (Note 1)</td></tr>
<tr><td colspan="2"></td><td>106,</td><td>107,</td><td>108 In</td><td>year of</td><td>110th</td></tr>
<tr><td colspan="2">current assets</td><td>were
1,442,611</td><td>1,282,811
1,012,838</td><td>149,330</td><td>1,266,248</td><td>real</td></tr>
<tr><td colspan="2">estate, plant and equipment (Note 2)</td><td>714,182,9
26</td><td>707,295</td><td>734,399</td><td>636,058</td><td>Intangible</td></tr>
<tr><td colspan="2">assets</td><td>38,653</td><td>39,192,96
0</td><td>41,43636,
43636,43
636,4363
6,436636,
436366,4
36636,43
636,4366
36,43636,
43636,43
636,4363
6,436,436
,436,436,
436,436,4
36 and</td><td>Ji</td><td>.</td></tr>
<tr><td colspan="2">41,4363,41,4
36 (註 2)</td><td>1,773,559</td><td>2,073,546</td><td>1,900,479</td><td>1,806,866
1,786,240</td><td>資產</td></tr>
<tr><td colspan="2">總額</td><td>4,118,475</td><td>3,663,572</td><td>3,732,03
1
3,726,97
9 流動負
債分配前</td><td>1,329,552</td><td>1,200,367</td></tr>
<tr><td rowspan="2">1,238,4
46</td><td>1,377
,108</td><td>1,176,626</td><td>分配</td><td>後</td><td>1,410,251</td><td>1,264,359</td></tr>
<tr><td>1,200
,367</td><td>1,377,108</td><td>註</td><td>3</td><td>非</td><td>流動</td></tr>
<tr><td colspan="2">負債</td><td>339,084</td><td>302,781</td><td>231,449
285,052
372,772</td><td>負債</td><td>總額</td></tr>
</table>

分配	前	1,668,636	1,541,227	1,431,816	1,662,160	1,549,39 8 分配
	後	1,749,335	1,567,140	1,431,816	1,662,160	註 3
之		2,300,372	2,577,248	2,231,756	2,069,871	2,177,581
股本		1,800,000	1,998,810	1,993,310	1,993,310	1,993,310
資本		公積 266,674	369,134	398,472	366,392	233,024
保留 盈餘	前	326,737	289,396	(9,753)	(114,2 35)	216,565
	分 配 Later	246,038	263,483	(9,753)	(114,2 35)	Note 3
Other interests		(58,067)	(75,178)	(102,729)	(104,2 76)	(193,9 98)
treasury stocks		(34,972)	(4,914)	(47,544	71,320) (	( ) Non
-controlling interests		–	)	-	-	-
equity total	Before distribution	2,300,372	2,577,248	2,231,756	2,069,871	2,177,581
	distribution	2,219,673	2,551,335	2,231,756	2,069,871	of

After

Note 2: No revaluation of assets was carried out in the above years.

Note 3: The figures after distribution mentioned in the above table are filled in according to the resolutions of the annual shareholders' meeting.

(4) Condensed individual consolidated profit and loss statement

: New Taiwan dollar

item financial	information for the last five years (Note 1)				
	,	108	,	109,	110
operating	1,113,662	1,096,280	871,211	803,287	944,575
106	income	,	annual	107	,
unit(	Prosperity	(32,183) (38,953) (107,744)	35,416)	(25,421)	Extra - business revenue
and expenditure	135,609	62,836	(177,293)	(104,251)	274,749 front of
tax (loss)	103,426	23,883	(285,037)	139,667) operations	continued
. (Net profit (loss)	96,521	40,977	(274,618)	(118,733)	218,222 Loss from
business units closed	-	-	-	-	-
Net profit (loss)	96,521	40,977	(274,618)	(118,733)	218,222
Other comprehensive profit and loss for	)	(14,730)	(26,169)	2,951	(91,379)
Total comprehensive profit and loss	90,697	26,247	(300,787)	(115,782)	126,843

Earnings per share (Note 2)	0.22	(	1.39)	(0.61)	1.14

0.55Visa checked by an accountant.

Note 2: Calculated based on the weighted average number of outstanding shares after the retrospective adjustment of the distribution of stock dividends and the conversion of corporate bonds into shares.

(5) The name and audit opinion of the certified accountant in the last five years. The name of the

certified	firm in the last five years. The audit opinion on the name	accountant	of
106	the	certified	.
107	Zhongxin United Certified Public Accountants	Lin Wenqin and Guo Liwen of Qinye	have unqualified opinions plus other mattersparagraph
108	United Certified Public Accountants	Chen Peide and Guo Liwen of Qinye Zhongxin	have unqualified opinions plus otherparagraphs
109	United Certified Public Accountants	Chen Peide and Guo Liwen of Qinye Zhongxin	have unqualified opinions plus otherparagraphs
110	United Certified Public Accountants	Chen Peide and Guo Liwen of Qinye Zhongxin	have unqualified opinions and on other mattersparagraphs

2. Financial Analysis for the Last Five Years

(1) Financial Analysis - IFRS (Consolidated Financial Statements)

Analysis Items (Note 2)		Annual	106,	107,	108,	109,	110
			Financial Analysis for the Last Five Years (Note 1)				
Financial Results Structure (%)	Liabilities to assets ratio (%)		59.15	55.14	52.91	56.41	55.10
	Long-term funds to property, plant and equipment ratio (%)		232.10	264.35	238.56	220.75	265.46 Solvency
146.35%)	ratio (%)		150.652	159.75	143	(	Current
	Quick ratio (%)		82.05	90.8	86.08	93.30	99.75
	Interest coverage ratio (%)		5.00	2.71	-6.67	-2.67	9.50
Operating capacity	Accounts receivable turnover ratio (times)		3.38	3.58	3.38	3.24	3.79
	Average days of collection		108	102	107.98	112.53	96.22
	Inventory turnover ratio (times)		2.13	2.08	1.98	1.85	2.19
	Accounts payable turnover ratio (times)		6.41	7.7	8.53	7.18	7.29
	Average days of sales		171	175	184.34	197.32	166.64
	, plant and equipment turnover (times)		3.6	111	Real	estate	26
	Total asset turnover ratio (times)		0.85	0.85	0.77	0.64	0.71
Profitability -4.51	Return on assets (%)		2.30	1.23	Return	-1.81	4.85
	on equity (%)		4.09	1.62	-10.97	-5.20	9.79
	of paid capital (%)	Operating profit	6.26	4.28	-14.49	-6.61	3.55
		Profit before tax	6.87	3.25	-13.85	-6.30	13.94
	Net profit ratio (%)		2.13	0.82	-6.56	-3.68	6.10
	(RMB)		0.55	0.21	-1.39	-0.61	1.14
	shareRatio (%)		Note 7	Note 7	21.42	5.49	5.73

Cash flow	Cash flow fair ratio (%)	37.49	Note 8	19.56	-11.22	15.94
	Cash reinvestment ratio (%)	9	Note 9	14.52	3.56	3.35
Leverage Note	Operating leverage	7.34	21.23	-1.55	- 3.23	7.51
	Financial leverage	1.38	1.8	0.89	0.79	1.86

Please explain the reasons for changes in financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis will be exempted):

Analysis of changes:

1. The ratio of long-term funds to real estate, plant and equipment in 110 was higher than that in 109, mainly due to the increase in long-term liabilities in 110.
2. The increase in interest coverage ratio in 20110 compared to 20109 was mainly due to the increase in net profit in 20110.
3. The return on assets and return on equity in 20110 were higher than those in 2010, which was mainly due to the increase in net profit in 20110.
4. The ratio of operating profit and pre-tax profit to paid-in capital in 20110 was higher than that in 2010, mainly due to the increase in net profit in 20110.
5. The increase in net profit ratio and EPS in 20110 was mainly due to the increase in net profit in 20110 compared with that in 20109.
6. The fair ratio of cash flow in 20110 increased compared with that in 2010, which was mainly due to the increase in net cash flow from operating activities in 20110.
7. Operating leverage and financial leverage in 20110 increased compared with 2010, mainly due to the increase in operating profit in 20110.

Note 1: The consolidated financial information for the last five years has been verified and certified by an accountant.

Note 2:Financial analysis calculation formula:

1. Financial structure
   (1) ratio of liabilities to assets = total liabilities/total assets.
   (2) Ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales/average receivables in each period (including accounts receivable and The balance of bills receivable arising from business operations.
   (2) Average collection days = 365/receivables turnover rate.
   (3) Inventory turnover ratio = cost of goods sold/average inventory.
   (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover ratio = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
   (5) Average days of sales = 365/inventory turnover rate.
   (6) Turnover ratio of property, plant and equipment = net sales/average net property, plant and equipment.
   (7) Turnover rate of total assets = net sales/total average assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
   (2) Return on equity = after-tax profit and loss/average total equity.
   (3) Net profit ratio = after-tax profit and loss/net sales.
   (4) Earnings per share = (Profits and losses attributable to owners of the parent company - dividends on special shares)/weighted average number of issued shares. (Note 3)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities/current liabilities.
   (2) The fair ratio of net cash flow = the net cash flow of operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 5).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3:When calculating the earnings per share in the preceding paragraph, special attention should be paid to the following matters:

1. The weighted average number of ordinary shares shall prevail, not the number of issued shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per

share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 4:Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before deduction of accumulated depreciation.

Note 5:The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 6:The ratio of the foreign company's previous opening to the paid-in capital shall be calculated as the ratio of the net value.

Note 7:The cash flow ratio is negative, so it is not calculated.

Note 8:The cash flow allowance ratio is negative, so it is not calculated.

Note 9:The cash reinvestment ratio is negative, so it is not calculated.

(2) Financial analysis - IFRS (individual financial report)

analysis items (Note 2)		annual	Financial analysis of the last five years (Note 1)				
			106,	107,	108,	109,	110
Financial structure (%)	Liabilities to assets ratio (%)		42.04	37.42	39.08	44.54	41.57
	long -term capital accounting for fixed assets (%)		360.82	390.8 338.43	312.84 394.29	Debt	competen ce
(	%)		108.50	103.58	84.38	83.45.34. 34	83.62
	)		61.346	61.34	61.34	61.34	61.34
	rateMultiple (%)		6.73	2.3	-15.47	-6.24	14.47
Operating Capability	receivable turnover ratio (times)		1.64	1.17	1.33	1.41	1.59
	Average cash collection days		223	313	274	258	229
	Inventory turnover ratio (times)		2.84	2.66	2.31	2.19	2.20
	AccountsTurnover ratio (times)		3.62	3.56	3.93	3.88	3.81
	Average sales days		128	137	158	166	166
	Real estate, plant and equipment turnover ratio (times)		1.55	1.53	1.22	1.11	1.38
	Total asset turnover ratio (times)		0.29	0.27	0.22	0.22	0.25
Profitability	Return on assets (%)		2.94	1.38	-6.70	-2.79	6.25
	Return on equity (%)		4.20	1.68	-11.42	-5.52	10.28
	Percentage of paid-in capital (%)	Operating profit	(1.79)	(1.95)	-5.41	-1.78	-1.28
		Tax Net profit before	5.75	1.19	-14.30	-7.01	12.51
	Net profit ratio (%)		8.67	3.74	-31.52	-14.78	23.10
	Earnings per share (RMB)		0.55	0.21	-1.39	-0.61	1.14
Cash flow to	cash flow ratio (%)		Note 7	7.04	22.41	-7.68	-0.91
	Cash flow fair ratio (%)		833.12	238.76	204.37	19.04	3.28
	Cash reinvestment ratio (%)		(10.26)	2.7	8.39	-4.78	-1.06
Leverage	Operating leverage		(6.86)	(5.29)	-1.21	-4.66	-7.64
	Financial leverage		0.64	0.68	0.86	0.65	0.58

Please explain the reasons for changes in financial ratios in the last two years.(If the increase or decrease is less than 20%, the analysis will be exempted):

Change analysis:

1. The ratio of long-term funds to real estate, plant and equipment in 110 increased compared with 109, mainly due to the increase in long-term liabilities in 110.
2. The increase in current ratio in 2011 is mainly due to the decrease in current liabilities in 2011.
3. The increase in interest coverage ratio in 20110 compared to 20109 was mainly due to the increase in net profit in 20110.
4. The increase in turnover rate of real estate, plant and equipment in 2011 was mainly due to the increase in operating income in 2011.
5. The return on assets and return on equity in 20110 were higher than those in 2010, which was mainly due to the increase in net profit in 20110.
6. The ratio of operating profit and pre-tax profit to paid-in capital in 20110 was higher than that in 2010, mainly due to the increase in net profit in 20110.
7. The increase in net profit ratio and EPS in 20110 was mainly due to the increase in net profit in 20110 compared with that in 20109.
8. The increase in cash flow ratio and cash reinvestment ratio in 20110 compared with 2010 was mainly due to the increase in net cash flow from operating activities in 20110.
9. The fair ratio of cash flow in 20110 was lower than that in 2010, which was mainly due to the decrease in net cash flow from operating activities in the last five years in 20110.
10. The operating leverage in 20110 was lower than that in 20109, mainly due to the increase in variable costs and expenses in 20110.

Note 1: The financial information for the last five years has been verified and certified by an accountant.

Note 2: Financial analysis calculation formula:

1. Financial structure
   (1) ratio of liabilities to assets = total liabilities/total assets.
   (2) Ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.
3. Operating ability
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   (3) Inventory turnover ratio = cost of goods sold/average inventory.
   (4) Accounts payable (including accounts payable and bills payable arising from business operations) turnover ratio = cost of goods sold / balance of average payables (including accounts payable and bills payable arising from business operations) in each period.
   (5) Average days of sales = 365/inventory turnover rate.
   (6) Turnover ratio of property, plant and equipment = net sales/average net property, plant and equipment.
   (7) Turnover rate of total assets = net sales/total average assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
   (2) Return on equity = after-tax profit and loss/average total equity.
   (3) Net profit ratio = after-tax profit and loss/net sales.
   (4) Earnings per share = (Profits and losses attributable to owners of the parent company - dividends on special shares)/weighted average number of issued shares. (Note 3)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activities/current liabilities.
   (2) The fair ratio of net cash flow = the net cash flow of operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend).
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 5).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3:When calculating the earnings per share in the preceding paragraph, special attention should be paid to the following matters:

1. The weighted average number of ordinary shares shall prevail, not the number of issued shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated considering its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred stock is of a non-cumulative nature, if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 4:Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total property, plant and equipment before deduction of accumulated depreciation.

Note 5:The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, they should pay attention to their rationality and maintain consistency.

Note 6:The ratio of the foreign company's previous opening to the paid-in capital shall be calculated as the ratio of the net value.

Note 7:The cash flow ratio is negative, so it is not calculated.

Third, the most recent annual financial report of the Audit Committee has reviewed the report

Ende Technology Co., Ltd.

The Board reviewed the report of

The Board of Directors of the Company made the annual business report sent to 110 individuals Financial Report and consolidated financial statements and profit and loss will be subsidized table, where the individual Financial Report and The consolidated financial report has been verified by Qinye Zhongxin Certified Public Accountants, and the verification report has been issued.

The Board had made to send the book on the item list, check this already Audit Committee that in line with the Company Law and other relevant laws, the provisions of Article 219 Yuan Yi Securities Exchange Act Article 144 and Corporate Law,

please look upon

Sincerely,

the Company's 111Regular Shareholders' Meeting

Convener of the Audit Committee of the: Wu Qingsong,
Republic of China, March 8, 111

4. The most recent financial statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Anderson Industrial Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph) the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Company's financial statements for the year ended December 31, 2021 are stated as follows:

Revenue Recognition

For the year ended December 31, 2021, the amount of the Company's sales revenue from machineries was $787,934 thousand, which represented 83% of the total revenue. The terms of sales revenue from machineries may vary depending on individual customer, and a portion of the sales revenue from machineries is recognized at the time of completion of acceptance based on the terms of the transactions. Sales revenue from machineries may be recognized before the criteria of sales revenue recognition are met; therefore, we identified revenue recognition as a key audit matter. Refer to Notes 4 and 17 to the financial statements.

The main audit procedures that we performed in respect of revenue recognition included understanding the appropriateness of internal controls, testing the operating effectiveness of design and implementation by inspecting sales contracts, confirming the consistency of transactions for revenue recognition, sampling of subsidiary ledgers, inspecting shipping invoices, clients' receipts and export documentations, and verifying the accuracy of revenue recognition.

Estimated Impairment of Accounts Receivable

As of December 31, 2021, the balance of accounts receivable held by the Company was $526,614 thousand, which was significant and represented 14% of the total assets. The management applies the use of lifetime expected credit losses for all accounts receivable. The expected credit losses on accounts receivable are estimated by considering past default experience of the debtor, an analysis of the debtor's current financial position and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. The evaluation of allowance for loss of accounts receivable, credit risk and appropriateness of provisioning policy involves significant judgments; therefore, we identified the estimated impairment of accounts receivable as a key audit matter. Refer to Notes 5 and 7 to the financial statements.

The main audit procedures that we performed in respect of the estimated impairment of accounts receivable included assessing the appropriateness of accounts receivable provisioning policy, testing the validity of aging reports, analyzing significant changes in accounts receivable and overdue accounts, assessing the reasonableness of impairment of individual accounts receivable, and confirming any indication of impairment at the end of the year. Recoverability was also tested by vouching cash receipts after the reporting period.

Other Matter

As mentioned in the opinion paragraph, the financial statements of Sogotec Enterprise Co., Ltd. (Sogotec) were audited by other independent auditors. As of December 31, 2020, Sogotec's total assets amounted to $431,249 thousand, representing 12% of the total assets of the Company, and the total profit from investment amounted to $10,582 thousand, representing (8)% of the total pre-tax profit of the Company.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Pei De Chen and Li Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2022

<u>*Notice to Readers*</u>

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

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

ANDERSON INDUSTRIAL CORPORATION

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 83,876	2	$ 116,977	3
Financial assets at amortized cost (Notes 4 and 26)	79,002	2	10,000	-
Notes receivable, net (Notes 4 and 7)	55,895	1	43,160	1
Accounts receivable - non-related parties (Notes 4, 5 and 7)	109,522	3	66,912	2
Accounts receivable - related parties (Notes 4, 5, and 25)	417,092	11	494,143	13
Other receivables (Notes 4 and 25)	138,645	4	153,950	4
Current tax assets	2	-	628	-
Inventories (Notes 4 and 8)	359,987	10	251,620	7
Prepayments	21,624	1	11,493	1
Other current assets	603	-	447	-
Total current assets	1,266,248	34	1,149,330	31
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	1,618,187	43	1,651,849	44
Property, plant and equipment (Notes 4, 10, 25 and 26)	636,058	17	734,399	20
Right-of-use assets (Notes 4 and 11)	23,736	1	30,678	1
Intangible assets (Notes 4 and 12)	38,433	1	41,436	1
Deferred tax assets (Notes 4 and 19)	71,321	2	78,962	2
Other non-current assets (Notes 10, 25 and 26)	72,996	2	45,377	1
Total non-current assets	2,460,731	66	2,582,701	69
TOTAL	$ 3,726,979	100	$ 3,732,031	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 13 and 26)	$ 747,318	20	$ 970,766	26
Contract liabilities (Note 17)	26,903	1	27,102	1
Accounts payable (Note 25)	216,917	6	136,268	4
Other payables (Notes 14 and 25)	78,143	2	93,495	3
Provisions (Note 4)	9,894	-	8,650	-
Short-term lease liabilities (Notes 4 and 11)	10,753	1	11,589	-
Current portion of long-term borrowings (Notes 13 and 26)	84,926	2	124,124	3
Other current liabilities	1,772	-	5,114	-
Total current liabilities	1,176,626	32	1,377,108	37
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 13 and 26)	330,337	9	227,618	6
Long-term lease liabilities (Notes 4 and 11)	15,122	-	21,560	1
Net defined benefit liabilities (Notes 4 and 15)	26,913	1	35,474	1
Guarantee deposits	400	-	400	-
Total non-current liabilities	372,772	10	285,052	8
Total liabilities	1,549,398	42	1,662,160	45
EQUITY (Note 16)				
Share capital				
Ordinary shares	1,993,310	53	1,993,310	53
Capital surplus	233,024	6	366,392	10
Unappropriated earnings (deficit to be compensated)	216,565	6	(114,235)	(3)
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(153,096)	(4)	(113,832)	(3)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	(40,902)	(1)	9,556	-
Total other equity	(193,998)	(5)	(104,276)	(3)
Treasury shares	(71,320)	(2)	(71,320)	(2)
Total equity	2,177,581	58	2,069,871	55
TOTAL	$ 3,726,979	100	$ 3,732,031	100

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

(With Deloitte & Touche auditors' report dated March 8, 2022)

ANDERSON INDUSTRIAL CORPORATION

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 17 and 25)	$ 944,575	100	$ 803,287	100
OPERATING COSTS (Notes 8, 18 and 25)	673,064	71	560,661	70
GROSS PROFIT	271,511	29	242,626	30
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	970	-	511	-
REALIZED GROSS PROFIT	272,481	29	243,137	30
OPERATING EXPENSES (Notes 4, 18 and 25)				
Selling and marketing expenses	150,160	16	123,733	15
General and administrative expenses	94,406	10	102,840	13
Research and development expenses	47,698	5	49,560	6
Expected credit loss	5,638	1	2,420	-
Total operating expenses	297,902	32	278,553	34
LOSS FROM OPERATIONS	(25,421)	(3)	(35,416)	(4)
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 18)				
Interest income (Note 25)	944	-	1,918	-
Other income (Notes 21 and 25)	43,506	5	55,151	7
Other gains and losses	187,980	20	(41,426)	(5)
Finance costs (Note 25)	(18,510)	(2)	(19,295)	(2)
Share of profits (losses) of subsidiaries accounted for using the equity method	60,829	6	(100,599)	(13)
Total non-operating income and expenses	274,749	29	(104,251)	(13)
PROFIT (LOSS) BEFORE INCOME TAX	249,328	26	(139,667)	(17)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 19)	(31,106)	(3)	20,934	2
NET PROFIT (LOSS) FOR THE YEAR	218,222	23	(118,733)	(15)

OTHER COMPREHENSIVE INCOME (LOSS)

(Continued)

ANDERSON INDUSTRIAL CORPORATION

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (2,270)	-	$ 5,500	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	-	-	2,056	-
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	(50,299)	(6)	98	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 19)	454	-	(1,100)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(39,264)	(4)	(3,603)	-
Other comprehensive income (loss) for the year, net of income tax	(91,379)	(10)	2,951	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 126,843	13	$(115,782)	(14)
EARNING (LOSS) PER SHARE (Note 20)				
Basic	$1.14		$(0.61)	
Diluted	$1.14		$(0.61)	

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

(With Deloitte & Touche auditors' report dated March 8, 2022) (Concluded)

ANDERSON INDUSTRIAL CORPORATION

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

			Retained Earnings (Accumulated Deficits)			Other Equity			
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to be Compensated)	Exchange Differences on Translation of the Financial Statements of Foreign Operation	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2020	$ 1,993,310	$ 398,472	$ 186,665	$ 75,178	$ (271,596)	$ (110,229)	$ 7,500	$ (47,544)	$ 2,231,756
Appropriation of 2019 deficit									
Legal reserve to offset deficit	-	-	(186,665)	-	186,665	-	-	-	-
Special reserve to offset deficit	-	-	-	(75,178)	75,178	-	-	-	-
Capital surplus offset deficit	-	(9,753)	-	-	9,753	-	-	-	-
Cash dividends distributed from capital surplus	-	(19,933)	-	-	-	-	-	-	(19,933)
Net loss for the year ended December 31, 2020	-	-	-	-	(118,733)	-	-	-	(118,733)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,498	(3,603)	2,056	-	2,951
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(114,235)	(3,603)	2,056	-	(115,782)
Buy-back treasury shares	-	-	-	-	-	-	-	(23,776)	(23,776)
Changes in percentage of ownership interests in subsidiaries	-	(2,394)	-	-	-	-	-	-	(2,394)
BALANCE AT DECEMBER 31, 2020	1,993,310	366,392	-	-	(114,235)	(113,832)	9,556	(71,320)	2,069,871
Capital surplus to offset deficit	-	(114,235)	-	-	114,235	-	-	-	-
Cash dividends distributed from capital surplus	-	(19,133)	-	-	-	-	-	-	(19,133)
Net profit for the year ended December 31, 2021	-	-	-	-	218,222	-	-	-	218,222
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	(1,657)	(39,264)	(50,458)	-	(91,379)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	216,565	(39,264)	(50,458)	-	126,843
BALANCE AT DECEMBER 31, 2021	$ 1,993,310	$ 233,024	$ -	$ -	$ 216,565	$ (153,096)	$ (40,902)	$ (71,320)	$ 2,177,581

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

(With Deloitte & Touche auditors' report dated March 8, 2022)

ANDERSON INDUSTRIAL CORPORATION

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	$ 249,328	$(139,667)
Adjustments for:		
Depreciation expense	68,649	62,554
Amortization expense	3,003	3,065
Expected credit loss recognized on accounts receivable	5,638	2,420
Net gain on fair value changes of financial assets at fair value through profit or loss	-	(450)
Finance costs	18,510	19,295
Interest income	(944)	(1,918)
Share of (profit) loss of subsidiaries accounted for using the equity method	(60,829)	100,599
Gain on disposal of property, plant and equipment	(218,849)	-
Impairment losses recognized on financial assets	4,973	-
Write-downs of inventories	6,456	6,165
Realized gain on transactions with subsidiaries	(970)	(511)
Loss on foreign currency exchange	18,817	12,988
Government grants	(3,464)	-
Gain on lease modification	(18)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	19,277
Notes receivable	(12,735)	(27,789)
Accounts receivable	(49,360)	19,065
Accounts receivable - related parties	65,237	(87,974)
Other receivables	1,168	(40,333)
Finance lease receivables	-	5,124
Inventories	(112,809)	(11,663)
Prepayments	(10,131)	4,098
Other current assets	(156)	(203)
Contract liabilities	(199)	(3,304)
Accounts payable	81,067	(16,470)
Other payables	(13,590)	(12,396)
Provisions	1,244	(666)
Other liabilities	122	4,400
Net defined benefit liabilities	(10,831)	(5,934)
Cash generated from (used in) operations	29,327	(90,228)
Interest received	940	1,903
Interest paid	(18,646)	(19,042)

Income tax (paid) returned	(22,385)	1,622
Net cash used in operating activities	(10,764)	(105,745)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(69,002)	(10,000)

(Continued)

ANDERSON INDUSTRIAL CORPORATION

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

	2021	2020
Payments for investment properties	$ (46,430)	$ -
Payments for property, plant and equipment	(17,603)	(71,051)
Proceeds from disposal of property, plant and equipment	294,021	19,114
Decrease in refundable deposits	856	6,683
(Increase) decrease in non-current assets	(189)	1,123
Increase in prepayments for equipment	(67)	(12,135)
Dividends received from subsidiaries	5,898	5,927
Net cash generated from (used in) investing activities	167,484	(60,339)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) Increase in short-term borrowings	(223,448)	294,278
Decrease in short-term notes payable	-	(30,000)
Proceeds from long-term borrowings	232,530	130,803
Repayment of long-term borrowings	(169,009)	(126,977)
Increase in receivable deposits	-	400
Repayment of the principal portion of lease liabilities	(11,994)	(9,764)
Cash dividends paid	(19,133)	(19,933)
Increase in treasury shares	-	(23,776)
Net cash (used in) generated from financing activities	(191,054)	215,031
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,233	2,478
NET (DECREASE) INCREASE IN CASH	(33,101)	51,425
CASH AT THE BEGINNING OF THE YEAR	116,977	65,552
CASH AT THE END OF THE YEAR	$ 83,876	$ 116,977

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

(With Deloitte & Touche auditors’ report dated March 8, 2022) (Concluded)

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

1. GENERAL INFORMATION

Anderson Industrial Company (the "Company") was incorporated in the Republic of China (ROC) in July 1972. The Company is mainly engaged in the design, manufacture, sale and import and export of computer numerical control (CNC) machinery, tooling, lumber, wood panels, and building materials.

Since October 11, 2000, the Company's shares have been listed on the Taiwan Stock Exchange (TWSE).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 8, 2022.

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

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

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

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

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

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

"First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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.

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

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

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

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (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.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

Goodwill and fair value adjustments on identifiable assets and liabilities acquired in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

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

f. Investments in subsidiaries

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

Subsidiary is an entity that is controlled by the Company.

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

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

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

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

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

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

g. Property, plant and equipment

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

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 is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

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

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 on 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 the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost.

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, financial assets at amortized cost, notes and accounts receivable and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost, including accounts receivable.

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

ECLs 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.

The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. 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.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation by the management of the Company.

l. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precision machineries and wood panels. Sales of precision machineries and wood panels is recognized as revenue when the goods are shipped or accepted, and accounts receivable are recognized concurrently.

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the repair services and hardware installation services.

As the Company provides repair services and hardware installation services. Consequently, the related revenue is recognized when services are rendered.

m. Leases

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

1) The Company as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

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

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

n. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for termination benefits is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefits and when the Company recognizes any related restructuring costs.

p. Taxation

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

1) Current tax

According to the Income Tax Law in the ROC, and additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 a liability is settled or an asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, 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 Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience and existing market conditions as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 7. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH

	December 31	
	2021	**2020**
Cash on hand	$ 652	$ 748
Checking accounts and demand deposits	83,224	116,229
	$ 83,876	$ 116,977

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Bank balance	0.001%-0.35%	0.001%-0.35%

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2021	**2020**
Notes receivable	$ 55,895	$ 43,160
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 122,880	$ 74,632
Less: Allowance for impairment loss	(13,358)	(7,720)
	$ 109,522	$ 66,912

The average credit period of sales of goods was 90-180 days.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. The lifetime ECLs on accounts receivable are estimated by reference to past collecting and default experiences of the debtor, an increase in deferred or overdue payments over average credit term and an analysis of the debtors' current financial position, adjusted for general economic conditions of the industries in which the debtors operate. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

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

The following table details the loss allowance for accounts receivable and notes receivable.

December 31, 2021

	Under 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 173,685	$ 2,101	$ 2,989	$ 178,775
Loss allowance (Lifetime ECLs)	(8,899)	(1,470)	(2,989)	(13,358)
Amortized cost	$ 164,786	$ 631	$ -	$ 165,417

December 31, 2020

	Under 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 114,663	$ 499	$ 2,630	$ 117,792
Loss allowance (Lifetime ECLs)	(4,768)	(322)	(2,630)	(7,720)

Amortized cost	$ 109,895	$ 177	$ -	$ 110,072

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 7,720	$ 5,383
Add: Net remeasurement of loss allowance	5,638	2,420
Less: Amounts written off	-	(83)
Balance at December 31	$ 13,358	$ 7,720

8. INVENTORIES

	December 31	
	2021	**2020**
Work in progress	$ 135,018	$ 152,801
Raw materials	166,477	68,845
Goods in transit	49,602	19,974
Finished goods	6,004	8,410
Merchandise	2,886	1,590
	$ 359,987	$ 251,620

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of $6,456 thousand and $6,165 thousand, respectively.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2021	**2020**
Anderson Industrial (Hong Kong) Ltd. (Anderson Industrial)	$ 31,645	$ 31,885
Anderson Europe GmbH	260,591	291,452
Anderson America Corporation (U.S.A.) (Anderson America)	48,207	33,922
Anderson Logistics Corporation (Anderson Logistics)	202,795	262,464
Giben Holdings Co., Ltd. (BVI) (Giben BVI)	241,240	205,118
Giben Holdings Co., Ltd. (SAMOA) (Giben SAMOA)	74,067	82,475
Anderson Merchandise Corporation (Anderson Merchandise)	197,891	163,908
Sogotec Enterprise Co., Ltd. (Sogotec)	293,477	293,491
CNT Industrial (Shanghai) Co., Ltd. (CNT)	230,595	247,891
Jentec Machinery (Shanghai) Co., Ltd. (Jentec)	37,679 1	39,243

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$ 1,618,187	$ 1,651,849

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

Name of Subsidiaries	December 31 2021	December 31 2020
Anderson Industrial	100.00%	100.00%
Anderson Europe GmbH	100.00%	100.00%
Anderson America	100.00%	100.00%
Anderson Logistics	100.00%	100.00%
Giben BVI	100.00%	100.00%
Giben SAMOA	100.00%	100.00%
Anderson Merchandise	100.00%	100.00%
Sogotec	58.11%	58.11%
CNT	100.00%	100.00%
Jentec	100.00%	100.00%

On May 10, 2016, the board of directors of Anderson Industrial resolved to liquidate the company. As of December 31, 2021, the process of liquidation is still ongoing.

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

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery		Research and Development Equipment		Other Equipment		Total
Cost									
Balance at January 1, 2020	$ 131,237	$ 773,200	$ 142,236		$ 16,890		$ 37,286		$ 1,100,849
Additions	-	14,506	55,288		160		1,097		71,051
				(4,160)		(4,160)		(4,160)	
Disposals	(4,160)	(10,550)	(500)		(4,988)		(10,629)		(30,827)
Reclassification	-	4,455	11,014		2,639		172		18,280
Balance at December 31, 2020	127,077	781,611	208,038		14,701		27,926		1,159,353
Accumulated depreciation and impairment									
Balance at January 1, 2020	-	308,848	52,872		13,118		18,716		393,554
				(10,555		(10,555		(10,555	
Disposals	-	(5,360)	(500)		(4,988)		(10,629)		(21,477)

			0	0	0	
			)	)	)	
Depreciation	-	33,673	12,782	1,333	5,201	52,989
Reclassification	-	-	(112)	-	-	(112)
Balance at December 31, 2020	-	337,161	65,042	9,463	13,288	424,954
Carrying amount at December 31, 2020	$ 127,077	$ 444,450	$ 142,996	$ 5,238	$ 14,638	$ 734,399

(Continued)

	Freehold Land	Buildings	Machinery	Research and Development Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 127,077	$ 781,611	$ 208,038	$ 14,701	$ 27,926	$ 1,159,353
Additions	-	11,128	2,035	-	4,440	17,603
Disposals	(37,421)	(76,699)	(24,367)	(499)	(2,987)	(141,973)
Reclassification	-	6,464	(1,496)	(103)	10,560	15,425
Balance at December 31, 2021	89,656	722,504	184,210	14,099	39,939	1,050,408
Accumulated depreciation and impairment						
Balance at January 1, 2021	-	337,161	65,042	9,463	13,228	424,954
Disposals	-	(40,379)	(22,939)	(499)	(2,984)	(66,801)
Depreciation	-	33,154	14,942	1,328	7,545	56,969
Reclassification	-	-	(715)	(57)	-	(772)
Balance at December 31, 2021	-	329,936	56,330	10,235	17,849	414,350
Carrying amount at December 31, 2021	$ 89,656	$ 392,568	$ 127,880	$ 3,864	$ 22,090	$ 636,058

(Concluded)

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

Building	5-55 years
Machinery	5-20 years
Research and development equipment	5-10 years
Other equipment	3-10 years

On May 3, 2021, the board of directors resolved to dispose of the land and buildings located in Xitun District, Taichung. The sale price was $290,800 thousand and the gain on disposal was $216,983 thousand. The registration for transfer of ownership was completed in August 2021.

In August 1996, the Company purchased land in Houlong Township of Miaoli Country for $11,000 thousand. However, due to the statutory restrictions on the transfer of farmland, the title deed has not been legally transferred to the Company; therefore, the Company entered into a contract with the seller to prevent any future claims on the land by the seller, the seller’s heir at law, or any other third parties. In addition, if the land zoning is changed, the seller is obligated to transfer the title immediately. Accordingly, the farmland is recorded under other non-current assets. In March 2005, the Company applied to the Land Office for the modification of land usage and changed parts of the land’s zoning designation from farmland to construction use, which amounted to $4,518 thousand. Accordingly, the Company has been registered as the legal owner, and has reclassified such land to property, plant and equipment.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 26.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 13,017	$ 16,021
Transportation equipment	9,896	11,542
Buildings	823	3,115
	$ 23,736	$ 30,678

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 5,688	$ 13,298
Depreciation charge for right-of-use assets		
Land	$ 3,004	$ 3,004
Transportation equipment	5,687	3,891
Buildings	2,989	2,670
	$ 11,680	$ 9,565

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 10,753	$ 11,589
Non-current	$ 15,122	$ 21,560

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.71%	1.71%
Buildings	1.71%	1.71%
Transportation equipment	1.54%-1.71%	1.71%

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 2 to 10 years.

The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 3,041	$ 569
Total cash outflow for leases	$(15,520)	$(10,894)

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

The amounts of lease commitments for short term leases for which the recognition exemption is applied were $614 thousand and $1,788 thousand as of December 31, 2021 and 2020, respectively.

12. INTANGIBLE ASSETS

	Patent	Trademark	Software	Total
Cost				
Balance at January 1, 2020	$ 49,850	$ 33,664	$ 8,181	$ 91,695
Reclassification	1,541	-	-	1,541
Balance at December 31, 2020	51,391	33,664	8,181	93,236
Accumulated amortization and impairment				
Balance at January 1, 2020	47,617	-	1,118	48,735
Amortization expense	1,378	-	1,687	3,065
Balance at December 31, 2020	48,995	-	2,805	51,800
Carrying amount at December 31, 2020	$ 2,396	$ 33,664	$ 5,376	$ 41,436
Cost				
Balance at January 1, 2021	$ 51,391	$ 33,664	$ 8,181	$ 93,236
Additions	-	-	-	-
Balance at December 31, 2021	51,391	33,664	8,181	93,236
Accumulated amortization and impairment				
Balance at January 1, 2021	48,995	-	2,805	51,800
Amortization expense	1,327	-	1,676	3,003
Balance at December 31, 2021	50,322	-	4,481	54,803

Carrying amount at December 31, 2021	$ 1,069	$ 33,664	$ 3,700	$ 38,433

The above items of intangible asset are amortized on a straight-line basis over the estimated useful lives as follows:

Patent	3-20 years
Software	3-5 years

Management believes the Company will renew the trademark continuously and has the ability to do so. Various studies including studies about product life cycle, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Company, which supported their opinion that there is no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows. Therefore, the trademark is considered to have an indefinite useful life. The trademark will not be amortized until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

13. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 26)		
Bank loans	$ 353,173	$ 230,000
Unsecured borrowings		
Line of credit borrowings	394,145	740,766
	$ 747,318	$ 970,766

The range of interest rates on bank loans was 1.031%-1.68% and 1.031%-1.70% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 26)		
Bank loans	$ 309,352	$ 225,416
Unsecured borrowings		
Bank loans	105,911	126,326
	415,263	351,742
Less: Current portion	(84,926)	(124,124)
Long-term borrowings	$ 330,337	$ 227,618

As of December 31, 2021 and 2020, the interest rates of the bank borrowings secured by the Company's freehold land and building were 1.42%-1.75% and 1.45%-1.60% per annum, respectively. The bank borrowings are due from September 2024 to December 2026.

14. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 51,100	$ 27,835
Payables for commission	6,973	4,342
Payables for compensation of employees and remuneration to directors	5,186	-
Payables for charges for service	1,475	2,204
Payables for interest	602	992
Others	12,807	58,122
	$ 78,143	$ 93,495

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 94,315	$ 90,308
Fair value of plan asset	(67,402)	(54,834)
Net defined benefit liability	$ 26,913	$ 35,474

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2020	$ 114,921	$ (68,013)	$ 46,908
Service cost			
Current service cost	668	-	668
Net interest expense (income)	862	(521)	341
Recognized in profit or loss	1,530	(521)	1,009
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,132)	(2,132)
Actuarial loss - changes in financial assumptions	2,278	-	2,278
Actuarial gain - experience adjustments	(5,411)	-	(5,411)
Recognized in other comprehensive income	(3,133)	(2,132)	(5,265)
Contributions from the employer	-	(7,178)	(7,178)
Benefits paid from plan assets	(23,010)	23,010	-
	(23,010)	15,832	(7,178)
Balance at December 31, 2020	90,308	(54,834)	35,474
Service cost			
Current service cost	398	-	398
Net interest expense (income)	452	(280)	172
Recognized in profit or loss	850	(280)	570
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(887)	(887)
Actuarial loss - changes in demographic assumptions	2,663	-	2,663
Actuarial gain - changes in financial assumptions	(1,115)	-	(1,115)
Actuarial gain - experience adjustments	1,609	-	1,609
Recognized in other comprehensive income	3,157	(887)	2,270
Contributions from the employer	-	(11,401)	(11,401)
Balance at December 31, 2021	$ 94,315	$ (67,402)	$ 26,913

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.625%	0.500%
Expected rate of salary increase	2.750%	2.750%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (2,230)	$ (2,278)
0.25% decrease	$ 2,307	$ 2,360
Expected rate of salary increase		
0.25% increase	$ 2,220	$ 2,268
0.25% decrease	$ (2,157)	$ (2,201)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 2,597	$ 12,023
The average duration of the defined benefit obligation	9.5 years	10.2 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020

Number of shares authorized (in thousands)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	199,331	199,331
Shares issued	$ 1,993,310	$ 1,993,310

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

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 111,870	$ 131,003
Conversion of bonds	99,979	99,979
Treasury share transactions	8,790	59,673
Difference between consideration and carrying amount from the acquisition or disposal of subsidiaries' shares	12,201	12,201
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	-	63,352
May not be used for any purpose		
Employee share options	184	184
	$ 233,024	$ 366,392

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

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 with a proportion of no less than 10%, 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 in Note 18-f.

According to the Articles, 30%-100% of dividends are to be distributed as cash dividends and 0%-70% as share dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of deficit for 2020 and 2019 were approved in the shareholders' meeting on July 2, 2021 and May 27, 2020 as follows:

	Appropriation of Deficits	
	For the Year Ended December 31	
	2020	2019
Legal reserve	$ -	$ 186,665
Special reserve	-	75,178
Capital surplus	114,235	9,753

In the shareholders' meeting on July 2, 2021 and May 27, 2020, the Company's shareholders resolved to issue cash dividends from capital surplus of $19,133 thousand and $19,933 thousand.

On March 8, 2022, the Company's board of directors proposed an earning distribution for 2021 which is subject to resolution of the shareholders in their meeting to be held on May 30, 2022.

d. Treasury shares

Purpose of Buy-back	Number of Shares at January 1	Shares Transferred to Employees	Shares Cancelled	Number of Shares at December 31
2021				
Shares transferred to employees (in thousands of shares)	8,000	-	-	8,000
2020				
Shares transferred to employees (in thousands of shares)	5,000	3,000	-	8,000

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

17. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of machinery	$ 924,887	$ 788,664
Revenue from the rendering of services	19,658	14,596
Others	30	27
	$ 944,575	$ 803,287

a. Refer to Note 4-l for information about disaggregation of revenue.

b. Contract balances: as of December 31, 2021 and 2020, the amounts of contract liabilities were $26,903 thousand and $27,102 thousand, respectively, which mainly comprised of unearned receipts.

18. NET INCOME (LOSS)

a. Other income

	For the Year Ended December 31	
	2021	2020
Subsidy income	$ 3,464	$ 23,479
Rental income	25,017	23,334
Others	15,025	8,338
	$ 43,506	$ 55,151

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of property, plant and equipment	$218,849	$ -
Net foreign exchange losses	(24,053)	(21,594)
Impairment losses on financial assets	(4,973)	-
Loss on compensations	-	(19,974)
Net gain on financial assets at FVTPL	-	450
Others	(1,843)	(308)
	$187,980	$(41,426)

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 16,307	$ 16,905
Interest on loans from related parties	1,718	1,829
Interest on lease liabilities	485	561
	$ 18,510	$ 19,295

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 56,969	$ 52,989
Right-of-use assets	11,680	9,565
Intangible assets	3,003	3,065

$ 71,652	$ 65,619

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 33,546	$ 24,108
Operating expenses	35,103	38,446
	$ 68,649	$ 62,554
An analysis of amortization by function		
Operating expenses	$ 3,003	$ 3,065

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits		
Salaries	$ 182,105	$ 170,677
Insurance	14,998	16,123
	197,103	186,800
Post-employment benefits		
Defined contribution plans	7,280	7,812
Defined benefit plans (Note 15)	570	1,009
	7,850	8,821
Other employee benefits	1,022	1,281
Total employee benefits expense	$ 205,975	$ 196,902
An analysis of employee benefits expense by function		
Operating costs	$ 67,674	$ 71,186
Operating expenses	138,301	125,716
	$ 205,975	$ 196,902

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of 1%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Resulting from a loss for the year ended 2020, no estimation for employees' compensation and remuneration of directors was made. The employees' compensation and remuneration of directors for the years ended December 31, 2021 which have been approved by the Company's board of directors on March 8, 2022 were as follows:

Accrual rate

	For the Year Ended December 31
	2021
Compensation of employees	1%
Remuneration of directors	1%

Amount

	For the Year Ended December 31
	2021
Compensation of employees	$ 2,593
Remuneration of directors	$ 2,593

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

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

19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
Adjustments for prior years	$ -	$ 3,166
Land value increment tax	23,011	99
	23,011	3,265
Deferred tax		
In respect of the current year	8,095	(24,199)
Income tax expense (benefit) recognized in profit or loss	$ 31,106	$(20,934)

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2021	2020
Net profit (loss) before income tax	$ 249,328	$ (139,667)

Income tax expense (benefit) calculated at the statutory rate	$ 49,866	$ (27,933)
Tax-exempt income	(46,244)	(2,965)
Nondeductible expenses in determining taxable income	1,063	3,824
Unrecognized loss carryforwards and deductible temporary differences	3,410	2,875
Land value increment tax	23,011	99
Adjustments for prior years' tax	-	3,166
Income tax expense (benefit) recognized in profit or loss	$ 31,106	$ (20,934)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred tax		
In respect of the current period		
Remeasurement on defined benefit plan	$ (454)	$ 1,100

c. Deferred tax assets

The movements of deferred tax assets was as follows:

For the year ended December 31, 2021

Deferred tax assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Closing Balance**
Defined benefit obligation	$ 7,772	$ (2,166)	$ 454	$ 6,060
Unrealized gain on transactions with associates	2,429	(382)	-	2,047
Loss carryforward	7,524	(2,680)	-	4,844
Share of loss of subsidiaries accounted for using the equity method	40,054	(6,277)	-	33,777
Others	21,183	3,410	-	24,593
	$ 78,962	$ (8,095)	$ 454	$ 71,321

For the year ended December 31, 2020

Deferred tax assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Compre-hensive Income**	**Closing Balance**
Defined benefit obligation	$ 10,105	$ (1,233)	$ (1,100)	$ 7,772
Unrealized gain on transactions with associates	579	1,850	-	2,429
Loss carryforward	9,984	(2,460)	-	7,524

Share of loss of subsidiaries accounted for using the equity method	16,679	23,375	-	40,054
Others	18,516	2,667	-	21,183
	$ 55,863	$ 24,199	$ (1,100)	$ 78,962

d. Information about unused loss carryforwards.

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 38,564	2026
24,133	2029
11,638	2030
22,550	2031
$ 96,885	

e. The Company's income tax returns through 2019 were examined and cleared by the tax authorities.

20. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings (loss) earnings per share	$ 1.14	$ (0.61)
Diluted earnings (loss) earnings per share	$ 1.14	$ (0.61)

The earnings (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share were as follows:

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Earnings (loss) used in the computation of basic/diluted earnings (loss) per share	$ 218,222	$(118,733)

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	191,331	193,138
Effect of potentially dilutive ordinary shares		
Compensation of employees	217	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	191,548	193,138

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumed 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.

21. GOVERNMENT GRANTS

The Company obtained a subsidy in the amount of $14,827 thousand from the government in accordance with the handling of salary and working capital subsidies for difficult businesses of manufacturing and technical service industries that are affected by severe pneumonia with novel pathogens by the Ministry of Economic Affairs in 2020.

22. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In June 2020, Sogotec Limited bought back its ordinary shares, which increased the Company’s continuing interest from 57.82% to 58.11%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. For details about the partial disposal of Sogotec Limited, refer to Note 23 to the Company’s consolidated financial statements for the year ended December 31, 2021.

23. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

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

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

24. FINANCIAL INSTRUMENTS

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

The Company’s management considers the carrying amounts recognized in the financial statements for financial assets and financial liabilities not carried at fair value to approximate their fair values or their fair values cannot be reliably measured.

b. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 884,032	$ 885,142
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,457,641	1,552,271

1) The balances include financial assets at amortized cost, which comprise cash, restricted deposits, notes receivable, accounts receivable and other receivables.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable, other payables and long-term borrowings.

c. Financial risk management objectives and policies

The Company's major financial instruments include accounts receivable, accounts payable, lease liabilities and short-term and long-term borrowings. The Company's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities is exposed primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which were exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Company was mainly exposed to the USD, RMB and EUR.

The following details the effects of a 1% increase or decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. For a 1% strengthening/weakening of NTD against the relevant currency, the net profit before tax would be a decrease/an increase of $5,912 thousand for the year ended December 31, 2021, and the net loss before tax would be an increase/a decrease of $6,533 thousand for the year ended December 31, 2020.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 25,875	$ 33,149
Cash flow interest rate risk		
Financial assets	162,221	126,223
Financial liabilities	1,162,581	1,322,508

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analyses were determined based on the Company's exposure to interest rates at the end of the reporting period. A 10 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 would have decreased/ increased by $1,000 thousand and the Company's pre-tax loss for the year ended December 31, 2020 would have increased/decreased by $1,196 thousand, which was mainly attributable to the Company's exposure to cash flow on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Company could arise from:

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

b) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of excellent grade. This information is supplied by a rating agency where available and, if not available, the Company uses other publicly available financial information to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2021 and 2020, the Company had available unutilized bank loan facilities set out in (b) below.

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

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. 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.

December 31, 2021

	Less than 3 Months	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 295,060	$ -	$ -	$ -
Lease liabilities	3,173	7,914	15,481	-

Variable interest rate liabilities	710,028	129,161	337,284	12,316
	$ 1,008,261	$ 137,075	$ 352,765	$ 12,316

December 31, 2020

Non-derivative financial liabilities	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 229,763	$ -	$ -	$ -
Lease liabilities	3,049	8,999	20,982	1,201
Variable interest rate liabilities	878,417	223,342	217,208	24,557
	$ 1,111,229	$ 232,341	$ 238,190	$ 25,758

The above amount of variable interest rate instruments for both non-derivative financial assets and liabilities was 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 facilities

	December 31	
	2021	2020
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	$ 500,056	$ 867,092
Amount unused	522,081	717,759
	$ 1,022,137	$ 1,584,851
Secured bank overdraft facility:		
Amount used	$ 662,525	$ 455,416
Amount unused	1,667	63,500
	$ 664,192	$ 518,916

25. TRANSACTIONS WITH RELATED PARTIES

The Company’s board of directors was fully re-elected on May 27, 2020. Parpro Corporation (Parpro) lost its control over the Company by not being able to acquire more than half the seats in the board of directors and its relationship with the Company had changed from parent company to associate. Parpro held 20.86% of the Company’s outstanding shares on December 31, 2021. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Related parties and their relationships with the Company:

Related Party	Relationship with the Company
Parpro Corporation (Parpro)	Investor with significant influence over the Company (parent entity before May 27, 2020)
Anderson Industrial	Subsidiary
Anderson Europe GmbH	Subsidiary
Anderson America	Subsidiary
CNT	Subsidiary
Anderson Logistics	Subsidiary
Anderson Merchandise	Subsidiary
Sogotec	Subsidiary
Giben America, Inc. (Giben America)	Subsidiary
Giben do Brasil Maquinas e Equipamentos Ltda (Giben Brasil)	Subsidiary
MATEC Maschinenban GmbH (Matec GmbH)	Subsidiary
Monforts CNC Werkzeugmaschinentechnik GmbH (Monforts GmbH)	Subsidiary of the company before May 2020
Verite Corporation	Associate

b. Sales

Line Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Sales of machinery	Subsidiaries		
	Anderson America	$ 299,937	$ 204,225
	Others	40,093	101,728
		$ 340,030	$ 305,953

The transaction terms with related parties were not significantly different from those with third parties.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31 2021	2020
Subsidiaries	$ 8,014	$ 9,034

d. Receivables from related parties

	Related Party	December 31

Line Items	Category/Name	2021	2020
Accounts receivable	Subsidiaries		
	Anderson America	$ 181,265	$ 208,772
	Giben America	149,986	161,835
	CNT	57,701	64,321
	Giben Brasil	24,495	53,258
	Sogotec	3,645	5,957
		$ 417,092	$ 494,143

Line Items	Related Party Category/Name	December 31 2021	December 31 2020
Other receivables	Investors with significant influence over the Company	$ 5	$ 6
	Subsidiaries		
	CNT	50,474	52,203
	MATEC GmbH	31,809	35,536
	Others	5,652	6,178
	Associates	-	31
		$ 87,940	$ 93,954

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Items	Related Party Category/Name	December 31 2021	December 31 2020
Accounts payable	Subsidiaries		
	Anderson Europe	$ 2,113	$ 1,372
	Anderson Merchandise	11	21
		$ 2,124	$ 1,393
Other payables	Subsidiaries		
	Anderson Europe	$ 8,341	$ 20,445
	Others	1,246	5,878
		$ 9,587	$ 26,323

f. Prepayments

	Related Party	December 31

Line Items	Category/Name	2021	2020
Prepayments for investment (classified as other non-current assets)	Subsidiaries Anderson Logistics	$ 46,430	$ -

g. Acquisitions of property, plant and equipment

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Anderson Merchandise	$ -	$ 54,063

h. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2021	2020	2021	2020
Subsidiaries				
Sogotec	$ -	$ 19,114	$ -	$ -

i. Endorsements and guarantees

Information of endorsements and guarantees for subsidiaries was disclosed in Table 2.

j. Other transactions with related parties

Line Items	Related Party Category/Name	For the Year Ended December 31 2021	2020
Rental income	Parent entity	$ -	$ 54
	Subsidiaries		
	Sogotec	17,825	15,522
	Anderson America	4,380	4,617
	Anderson Merchandise	451	1,576
	Associates	-	343
		$ 22,656	$ 22,112
Management income	Subsidiaries		
	Anderson Merchandise	$ 6,551	$ 5,856
Interest income	Subsidiaries		
	MATEC GmbH	$ 823	$ 839
	Others	-	894
		$ 823	$ 1,733
Interest expense	Subsidiaries		
	CNT	$ 1,718	$ 1,829

j. Lease arrangements

Line Items	Related Party Category/Name	For the Year Ended December 31 2021	2020

Lease expense	Investor with significant influence over the Company	$ 606	$ -

The Company leases buildings for plants and office spaces which are under short-term lease regulation, and the lease is under common market price. The lease condition and rental payments are similar to ordinary leases.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 25,592	$ 28,346
Post-employment benefits	806	742
	$ 26,398	$ 29,088

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets at book value were provided as collateral for bank borrowings and to obtain loan limit:

	December 31	
	2021	2020
Bank deposits (classified as financial assets at amortized cost)	$ 79,002	$ 10,000
Freehold land	88,037	125,457
Building	314,286	363,019
Other non-current assets	6,482	6,482
	$ 487,807	$ 504,958

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

As of December 31, 2021, unused letters of credit for purchases of raw materials amounted to $23,555 thousand.

28. OTHER ITEMS

The Company has evaluated the impact of the COVID-19 pandemic. As of the date the financial statements were authorized for issue, there was no significant impact on the Company’s operation, financing condition and asset impairment. However, the impact of the pandemic is still uncertain. As such, the Company will continue to monitor the development of the pandemic and evaluate its impact.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currency of the Company and the exchange rates between foreign currencies and Company's functional currency in NTD were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 15,352	27.680 (USD:NTD)	$ 424,943
RMB	27,162	4.344 (RMB:NTD)	117,992
EUR	2,447	31.320 (EUR:NTD)	76,640
Financial liabilities			
Monetary items			
USD	511	27.680 (USD:NTD)	14,144
EUR	383	31.320 (EUR:NTD)	11,996
RMB	511	4.344 (RMB:NTD)	2,220

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 17,697	28.480 (USD:NTD)	$ 504,011
RMB	27,063	4.377 (RMB:NTD)	118,455
EUR	2,444	35.020 (EUR:NTD)	85,589
Financial liabilities			
Monetary items			
USD	1,359	28.480 (USD:NTD)	38,704
EUR	453	35.020 (EUR:NTD)	15,864
RMB	50	4.377 (RMB:NTD)	219

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were $24,053 thousand and $21,594 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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

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

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

b. Information on investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

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. (None)

d. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

ANDERSON INDUSTRIAL CORPORATION

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 1 and 3)	Aggregate Financing Limits (Notes 1 and 3)	Note
													Item	Value			
0	The Company	MATEC	Accounts receivable - related parties	Yes	$ 34,370	$ 31,320	$ 31,320	2.5%	Short-term financing	$ -	Operation requirements	$ -	-	$ -	$ 435,516	$ 871,032	2
		Monforts GmbH	Other accounts receivable	No	54,992	50,112	50,112	2.5%-5%	Short-term financing	-	Operation requirements	4,973	-	-	435,516	871,032	5
1	CNT	The Company	Accounts receivable - related parties	Yes	77,378	73,196	-	2.5%	Short-term financing	-	Operation requirements	-	-	-	233,885	233,885	3
2	Sogotec	Sogotec Shanghai	Other receivable - related parties	Yes	156,204	153,227	153,227	1.48%	Business transaction	356,922	-	-	-	-	227,894	227,894	4

Note 1: The balance for the period and ending balance represent the amount approved by the board of directors.

Note 2: The loan limit should not exceed 40% of total equity of the Company. The loan limit to one party should not exceed 20% of the total equity or business transaction amount.

Note 3: The loan limit should not exceed 100% of total equity of the Company.

Note 4: The loan limit should not exceed 40% of total equity of the Company. The loan limit to one party should not exceed the total loan limit or business transaction amount.

Note 5: In May 2020, the Company lost control over Monforts GmbH after designating its trustee in bankruptcy.

TABLE 2

ANDERSON INDUSTRIAL CORPORATION

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	The Company	Anderson Merchandise	b	$ 653,274	$ 220,000	$ 220,000	$ 91,315	$ -	10.10	$ 1,088,791	Yes	-	-	1
		MATEC	b	653,274	171,850	43,848	43,848	-	2.01	1,088,791	Yes	-	-	1
1	Sogotec	Sogotec Shanghai	b	170,921	87,680	86,880	19,078	-	15.25	284,868	-	-	Yes	2

Note 1: The balance to one party should not exceed 30% of the total equity of the Company. The balance should not exceed 50% of total equity of the Company.

Note 2: The balance to one party should not exceed 30% of the total equity of the Sogotec Limited. The balance should not exceed 50% of total equity of the Sogotec Limited.

Note 3: The relationship is as follows:

b. The Company controls over 50% of subsidiary's ordinary shares directly.

ANDERSON INDUSTRIAL CORPORATION

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands of Shares)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CNT	China Guangfa Bank "Wuhua Tianbao Version W, Section 282, year 2021" Structured Deposit	-	Financial assets at fair value through profit or loss - current	-	$ 86,880	-	$ 86,880	-
Anderson Logistics	Harbinger Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	4,559	69,076	7.85	69,076	-

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

Note 2: Information on investments in subsidiaries and associates, see Table 6 and Table 7 for details.

ANDERSON INDUSTRIAL CORPORATION

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Anderson America	Subsidiaries	Sales	$(299,937)	(32)	Note 1	None	Note 1	$ 181,265	31	-
Sogotec	Sogotec Shanghai	Subsidiaries	Sales	(398,884)	(65)	Net 360 days from the end of the month after acceptance	Note 2	Note 2	475,505	91	Note 3

Note 1: Collection depends on capital status.

Note 2: Sales price between Sogotech and related parties are decided mutually, the credit period for related parties is net 360 days from the end of the month after acceptance. The credit period for non-related parties is by installment or 30-150 days from the end of the month after acceptance.

Note 3: Receivable generated from related-party transactions is $628,732 thousand, recorded as accounts receivable of $475,505 thousand and other accounts receivable of $153,227 thousand.

TABLE 5

ANDERSON INDUSTRIAL CORPORATION

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

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
The Company	Anderson America	Subsidiaries	Accounts receivable	$ 181,265	1.54	$ -	-	$ -	$ -
	Giben America	Subsidiaries	Accounts receivable	149,986	0.02	-	-	-	-
Sogotec	Sogotec Shanghai	Subsidiaries	Accounts receivable	475,505	0.82	77,836	-	-	-
	Sogotec Shanghai	Subsidiaries	Other accounts receivable	153,227	N/A	153,227	-	49,486	-

TABLE 6

ANDERSON INDUSTRIAL CORPORATION

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

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 Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	Anderson Industrial	Hong Kong	Importing, exporting and general investing activities	$ 1,014	$ 1,014	300	100.00	$ 31,645	$ -	$ -	-
	Anderson Europe GmbH	Germany	Manufacture, sale of machinery and service	441,603	441,603	Note 1	100.00	260,591	47	341	-
	Anderson America	USA	Sale of machinery and service	215,024	215,024	1	100.00	48,207	15,419	15,419	-
	Anderson Logistics	Taiwan	Importing and exporting	220,000	220,000	22,000	100.00	202,795	(9,354)	(9,354)	-
	Giben BVI	British Virgin Islands	Investment	422,078	422,078	10	100.00	241,240	41,773	41,773	-
	Giben SAMOA	Samoa	Investment	146,813	146,813	10	100.00	74,067	(9,157)	(9,157)	-
	Anderson Merchandise	Taiwan	Sale of wood panels and service	50,000	50,000	5,000	100.00	197,891	33,979	33,979	-
	Sogotec	Taiwan	Manufacture and sale of machinery	238,746	238,746	11,796	58.11	293,477	3,855	4,821	-
Anderson Merchandise	Sogotec	Taiwan	Manufacture and sale of machinery	3,000	3,000	50	0.25	2,947	3,855	Not applicable	-
Anderson Logistics	Sogotec	Taiwan	Manufacture and sales of machinery	178,682	178,682	4,461	21.97	124,844	3,855	Not applicable	-
	Verite	Taiwan	Importing and Exporting	18,000	18,000	1,800	33.33	947	-	Not applicable	-
	Slice Bliss	Taiwan	Importing and Exporting	5,500	-	550	33.33	4,900	-	Not applicable	-
Giben SAMOA	Giben America	USA	Sale of machinery and service	145,329	145,329	Note 1	100.00	(43,071)	(28,581)	Not applicable	-
	Giben Brasil	Brazil	Manufacture and sale of machinery	1,183	1,183	Note 1	0.28	675	46,589	Not applicable	-
Giben BVI	Giben Brasil	Brazil	Manufacture and sale of machinery	421,626	421,626	Note 1	99.72	240,935	46,589	Not applicable	-
Anderson Europe GmbH	Monforts GmbH	Germany	Manufacture and sale of machinery	197,426	197,426	Notes 1 and 2	-	-	-	Not applicable	-
	MATEC	Germany	Manufacture and sale of machinery	155,496	155,496	Note 1	100.00	146,633	(8,626)	Not applicable	-
	ASC	Germany	Sale of machinery and service	808	808	Note 1	100.00	731	(19)	Not applicable	-
MATEC	Matec Schweiz AG	Schweiz	Sale of machinery and service	1,292	-	0.51	51.00	563	-	Not applicable	-

Note 1: Limited company structure.

Note 2: In May 2020, the Company lost control over Monforts GmbH after designating its trustee in bankruptcy.

TABLE 7

ANDERSON INDUSTRIAL CORPORATION

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
CNT	Manufacture and sale of woodworking machinery	$ 264,167	a	$ 264,167	$ -	$ -	$ 264,167	$ (15,709)	100	$ (15,709)	$ 230,595	$ 104,731	2 and 4
Jentec	Manufacture and sale of machinery	70,640	a	70,640	-	-	70,640	(1,267)	100	(1,284)	37,679	-	2
Sogotec Shanghai	Sale of machinery and service	26,487	b	26,487	-	-	26,487	(10,662)	100	(10,662)	(78,330)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 361,294	$ 361,294	$ - (Note 3)

Note 1: The methods of investment are as follows:

a. Direct investment in mainland China.
b. Sogotec has obtained 100% contribution for $26,487 thousand (US$800 thousand).

Note 2: The amount was calculated using the equity method valuation and based on the audited financial statements.

Note 3: In accordance with “Examination Principles for Licensing Investment or Technical Cooperation in Mainland China” (revised by the MOEA on August 29, 2008), the Company has acquired certificate of operating scope, therefore the upper limit does not have to be calculated.

Note 4: As of December 31, 2021, CNT has remitted investment income of RMB23,109 thousand, equivalent to NT$104,731 thousand.

TABLE 8

ANDERSON INDUSTRIAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Parpro Corporation	39,904,488	20.01
Yunyong Investment Co., Ltd.	20,000,000	10.03

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

5. The consolidated financial statements of the parent and subsidiary companies in the most recent year that have been verified and approved by an accountant.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Anderson Industrial Corporation as of and for the year ended December 31, 2021 under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Anderson Industrial Corporation and subsidiaries did not prepare a separate set of consolidated financial statements.

Very truly yours,

ANDERSON INDUSTRIAL CORPORATION

By

WEN JIA LIAO
Chairman

March 8, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Anderson Industrial Corporation

Opinion

We have audited the accompanying consolidated financial statements of Anderson Industrial Corporation (the "Company") 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 the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), 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 matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Revenue Recognition

For the year ended December 31, 2021, the amount of the Group's sales revenue from machineries was $2,379,896 thousand, which represented 66% of the total revenue. The terms of sales revenue from machineries may vary depending on individual customer, and a portion of the sales revenue from machineries is recognized at the time of completion of acceptance based on the terms of the transactions. Sales revenue from machineries may be recognized before the criteria of sales revenue recognition of machineries are met; therefore, we identified revenue recognition as a key audit matter. Refer to Notes 4 and 18 to the consolidated financial statements.

The main audit procedures that we performed in respect of revenue recognition included understanding the appropriateness of internal controls, testing the operating effectiveness of design and implementation's effectiveness by inspecting sales contracts, confirming the consistency of transactions for revenue recognition, sampling of subsidiary ledgers, inspecting shipping invoices, clients' receipts and export documentations, and verifying the accuracy of revenue recognition.

Estimated Impairment of Accounts Receivable

As of December 31, 2021, the balance of accounts receivable held by the Group was $667,023 thousand, which was significant and represented 13% of the total assets. The management applies the use of lifetime expected credit losses for all accounts receivable. The expected credit losses on accounts receivable are estimated by considering past default experience of the debtor, an analysis of the debtor's current financial position and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. The evaluation of allowance for loss of accounts receivable, credit risk and appropriateness of provisioning policy involves significant judgments; therefore, we identified the estimated impairment of accounts receivable as a key audit matter. Refer to Notes 5 and 8 to the consolidated financial statements.

The main audit procedures that we performed in respect of the estimated impairment of accounts receivable included assessing the appropriateness of accounts receivable provisioning policy, testing the validity of aging reports, analyzing significant changes in accounts receivable and overdue accounts, assessing the reasonableness of impairment of individual accounts receivable, and confirming any indication of impairment at the end of the year.

Other Matter

Among the subsidiaries included in the consolidated financial statements of the Group, the financial statements of Sogotec Enterprise Co., Ltd. (Sogotec) were audited by other independent auditors. Our opinion expressed in the opinion section of this report, insofar as it relates to the amounts recognized based on financial statements audited by other auditors, is based solely on the reports of other auditors. As of December 31, 2020, Sogotec's total assets amounted to $1,153,329 thousand, representing 23% of the consolidated total assets of the Group, and the total operating revenue amounted to $624,335 thousand, representing 19% of the consolidated total comprehensive income of the Group.

We have also audited the parent company only financial statements of the Group as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph and an unmodified opinion, respectively.

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 IFRS, IAS, IFRIC, and 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 committees, 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 Pei De Chen and Li Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 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.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 811,824	16	$ 800,697	16
Financial assets at fair value through profit or loss (Notes 4 and 7)	86,880	2	80,537	2
Financial assets at amortized cost (Notes 4 and 27)	214,420	4	172,255	3
Notes receivable, net (Notes 4 and 8)	297,688	6	198,232	4
Accounts receivable, net (Notes 4, 5, 8 and 27)	667,023	13	728,550	14
Other receivables (Notes 4 and 27)	113,724	2	165,210	3
Current tax assets	2	-	628	-
Inventories (Notes 4 and 9)	1,298,131	25	1,130,125	23
Prepayments	81,107	2	46,076	1
Other current assets	35,528	1	29,871	1
Total current assets	3,606,327	71	3,352,181	67
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 4)	69,076	1	73,104	2
Investments accounted for using the equity method (Note 4)	6,409	-	5,352	-
Property, plant and equipment (Notes 4, 11 and 27)	1,033,759	20	1,148,829	23
Right-of-use assets (Notes 4 and 12)	111,418	2	119,994	2
Intangible assets (Notes 4 and 13)	103,177	2	110,923	2
Deferred tax assets (Notes 4 and 20)	127,460	3	139,300	3
Other non-current assets (Notes 11 and 27)	43,963	1	60,952	1
Total non-current assets	1,495,262	29	1,658,454	33
TOTAL	$ 5,101,589	100	$ 5,010,635	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 14 and 27)	$ 1,158,356	23	$ 1,426,499	28
Contract liabilities (Note 18)	234,212	5	155,122	3
Notes payable	1,437	-	2,262	-
Accounts payable (Note 26)	452,826	9	273,110	5
Other payables (Note 15)	165,164	3	204,806	4
Current tax liabilities	15,276	-	13,134	-
Provisions (Note 4)	21,674	-	20,465	-
Lease liabilities (Notes 4 and 12)	26,083	1	23,658	1
Current portion of long-term borrowings (Notes 14 and 27)	139,642	3	188,310	4
Other current liabilities	18,087	-	24,675	1
Total current liabilities	2,232,757	44	2,332,041	46
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 27)	453,423	9	351,759	7
Deferred tax liabilities (Notes 4 and 20)	1,764	-	1,201	-
Lease liabilities (Notes 4 and 12)	79,326	1	89,825	2
Net defined benefit liabilities (Notes 4 and 16)	33,960	1	43,203	1
Other non-current liabilities	9,517	-	8,356	-
Total non-current liabilities	577,990	11	494,344	10
Total liabilities	2,810,747	55	2,826,385	56
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 17)				
Share capital				
Ordinary shares	1,993,310	39	1,993,310	40
Capital surplus	233,024	5	366,392	7
Unappropriated earnings (deficit to be compensated)	216,565	4	(114,235)	(2)
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(153,096)	(3)	(113,832)	(2)
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	(40,902)	(1)	9,556	-
Total other equity	(193,998)	(4)	(104,276)	(2)
Treasury shares	(71,320)	(1)	(71,320)	(1)
Total equity attributable to owners of the Company	2,177,581	43	2,069,871	42
NON-CONTROLLING INTERESTS	113,261	2	114,379	2
Total equity	2,290,842	45	2,184,250	44
TOTAL	$ 5,101,589	100	$ 5,010,635	100

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

(With Deloitte & Touche auditors' report dated March 8, 2022)

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 18 and 26)	$ 3,587,606	100	$ 3,210,946	100
OPERATING COSTS (Notes 9, 19 and 26)	2,659,353	74	2,356,460	73
GROSS PROFIT	928,253	26	854,486	27
OPERATING EXPENSES (Notes 4, 19 and 26)				
Selling and marketing expenses	453,476	13	421,350	13
General and administrative expenses	330,282	9	409,566	13
Research and development expenses	79,202	2	82,159	3
Expected credit (gain) loss	(5,603)	-	73,152	2
Total operating expenses	857,357	24	986,227	31
PROFIT (LOSS) FROM OPERATIONS	70,896	2	(131,741)	(4)
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 19)				
Interest income	6,365	-	3,913	-
Other income (Note 22)	60,942	2	71,963	2
Other gains and losses	178,333	5	(31,861)	(1)
Finance costs	(32,704)	(1)	(34,186)	(1)
Share of loss of associates accounted for using the equity method	(5,997)	-	(3,623)	-
Total non-operating income and expenses	206,939	6	6,206	-
PROFIT (LOSS) BEFORE INCOME TAX	277,835	8	(125,535)	(4)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 20)	(58,863)	(2)	7,516	-
NET PROFIT (LOSS) FOR THE YEAR	218,972	6	(118,019)	(4)
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(2,023)	-	5,652	-

(Continued)

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	$ (50,458)	(1)	$ 2,056	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 20)	405	-	(1,130)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(39,174)	(1)	(3,832)	-
Other comprehensive (loss) income for the year, net of income tax	(91,250)	(2)	2,746	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 127,722	4	$ (115,273)	(4)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 218,222	6	$ (118,733)	(4)
Non-controlling interests	750	-	714	-
	$ 218,972	6	$ (118,019)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 126,843	4	$ (115,782)	(4)
Non-controlling interests	879	-	509	-
	$ 127,722	4	$ (115,273)	(4)
EARNINGS (LOSSES) PER SHARE (Note 21)				
Basic	$ 1.14		$ (0.61)	
Diluted	$ 1.14		$ (0.61)	

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

(With Deloitte & Touche auditors' report dated March 8, 2022) (Concluded)

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	Equity Attributes to Owners of the Company										
			Retained Earnings (Accumulated Deficits)								
	Ordinary shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit to be Compensated)	Exchange Differences on Translation of the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 1,993,310	$ 398,472	$ 186,665	$ 75,178	$ (271,596)	$ (110,229)	$ 7,500	$ (47,544)	$ 2,231,756	$ 119,394	$ 2,351,150
Appropriation of 2019 deficit											
Legal reserve to offset deficit	-	-	(186,665)	-	186,665	-	-	-	-	-	-
Special reserve to offset deficit	-	-	-	(75,178)	75,178	-	-	-	-	-	-
Capital surplus to offset deficit	-	(9,753)	-	-	9,753	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(19,933)	-	-	-	-	-	-	(19,933)	-	(19,933)
Net (loss) profit for the year ended December 31, 2020	-	-	-	-	(118,733)	-	-	-	(118,733)	714	(118,019)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	4,498	(3,603)	2,056	-	2,951	(205)	2,746
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(114,235)	(3,603)	2,056	-	(115,782)	509	(115,273)
Buy-back of treasury shares	-	-	-	-	-	-	-	(23,776)	(23,776)	-	(23,776)
Changes in percentage of ownership interests in subsidiaries	-	(2,394)	-	-	-	-	-	-	(2,394)	(3,518)	(5,912)
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(2,006)	(2,006)
BALANCE AT DECEMBER 31, 2020	1,993,310	366,392	-	-	(114,235)	(113,832)	9,556	(71,320)	2,069,871	114,379	2,184,250
Capital surplus to offset deficit	-	(114,235)	-	-	114,235	-	-	-	-	-	-
Cash dividends distributed from capital surplus	-	(19,133)	-	-	-	-	-	-	(19,133)	-	(19,133)
Net profit for the year ended December 31, 2021	-	-	-	-	218,222	-	-	-	218,222	750	218,972
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	(1,657)	(39,264)	(50,458)	-	(91,379)	129	(91,250)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	216,565	(39,264)	(50,458)	-	126,843	879	127,722
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	(1,997)	(1,997)
BALANCE AT DECEMBER 31, 2021	$ 1,993,310	$ 233,024	$ -	$ -	$ 216,565	$ (153,096)	$ (40,902)	$ (71,320)	$ 2,177,581	$ 113,261	$ 2,290,842

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

(With Deloitte & Touche auditors' report dated March 8, 2022)

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 277,835	$(125,535)
Adjustments for:		
Depreciation expense	110,442	100,804
Amortization expense	6,158	6,641
Expected credit loss (reversed) recognized on accounts receivable	(5,603)	73,152
Net gain on fair value changes of financial assets at financial assets at fair value through profit or loss	(1,982)	(2,797)
Finance costs	32,704	34,186
Interest income	(6,365)	(3,913)
Share of loss of investments accounted for using the equity method	5,997	3,623
Gain on disposal of property, plant and equipment	(218,820)	(92)
Impairment losses recognized on financial assets	4,973	-
Write-downs of inventories	49,059	76,071
Loss on foreign currency exchange	47,690	31,068
Provisions	-	(622)
Government grants	(10,466)	-
Gain on lease modification	(47)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,964)	(57,165)
Notes receivable	(99,456)	(73,310)
Accounts receivable	52,849	125,698
Other receivables	46,518	(56,613)
Inventories	(253,428)	178,714
Prepayments	(35,031)	18,900
Other current assets	(5,657)	(2,229)
Contract liabilities	79,090	(38,586)
Notes payable	(825)	200
Accounts payable	179,716	(105,867)
Other payables	(37,881)	(578)
Provisions	1,209	(8,126)
Other liabilities	(3,124)	14,535
Net defined benefit liabilities	(11,266)	(6,052)
Cash generated from operations	199,325	182,107
Interest received	6,360	3,913
Interest paid	(34,465)	(35,491)

Income tax paid	(43,287)	(22,600)
Net cash generated from operating activities	127,933	127,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(46,430)	(36,801)
Purchase of financial assets at amortized cost	(42,165)	(53,546)

(Continued)

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

	2021	2020
Acquisition of investments accounted for using the equity method	$ (7,054)	$ -
Payments for property, plant and equipment	(45,411)	(78,005)
Proceeds from disposal of property, plant and equipment	294,021	497
(Increase) decrease in refundable deposits	(628)	5,566
Payments for intangible assets	(586)	(182)
(Increase) decrease in non-current assets	(515)	5,946
Increase in prepayments for equipment	(79)	(10,605)
Net cash generated from (used in) investing activities	151,153	(167,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) Increase in short-term borrowings	(261,273)	245,662
Decrease in short-term notes and bills payable	-	(30,000)
Proceeds from long-term borrowings	308,212	226,207
Repayment of long-term borrowings	(247,551)	(181,624)
Increase in guarantee deposits	-	400
Repayment of the principal portion of lease liabilities	(25,396)	(19,501)
Increase in other non-current liabilities	1,161	854
Cash dividends paid	(19,133)	(19,933)
Payments for treasury shares	-	(23,776)
Dividends paid to non-controlling interests	(1,997)	(2,006)
Changes in non-controlling interests	-	(5,912)
Net cash (used in) generated from financing activities	(245,977)	190,371
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(21,982)	(12,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,127	138,758
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	800,697	661,939
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 811,824	$ 800,697

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

(With Deloitte & Touche auditors' report dated March 8, 2022) (Concluded)

ANDERSON INDUSTRIAL CORPORATION 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

Anderson Industrial Corporation (the "Company") was incorporated in the Republic of China (ROC) in July 1972. The Company is mainly engaged in the design, manufacture, sale and import and export of computer numerical control (CNC) machinery, tooling, lumber, wood panels, and building materials.

Since October 11, 2000, the Company's shares have been listed on the Taiwan Stock Exchange (TWSE).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8, 2022.

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

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.

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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 twelve 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 twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

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

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

d. Basis of consolidation

Principles for preparing consolidated financial statements

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 dates of acquisitions up to the effective dates of disposals, 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 Company.

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

See Note 10 and Tables 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (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.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

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

Goodwill and fair value adjustments on identifiable assets and liabilities acquired in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

h. Property, plant and equipment

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

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 is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

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

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) 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.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

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, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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 assets 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 on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost and equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

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 (ECLs) on financial assets at amortized cost, including accounts receivables.

The Group always recognizes lifetime ECLs for accounts receivable. 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.

ECLs 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.

The Group recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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 the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. 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.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Group's obligation by the management of the Group.

n. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of precision machineries. Sales of precision machineries are recognized as revenue when the goods are shipped or accepted, and accounts receivable are recognized concurrently.

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the repair services and hardware installation services.

As the Group provides repair services and hardware installation services. Consequently, the related revenue is recognized when services are rendered.

o. Leases

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 from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

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. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the 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 future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

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

q. 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 service.

2) Retirement benefits

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

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

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Termination benefits

A liability for termination benefits is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when the Group recognizes any related restructuring costs.

r. Taxation

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

1) Current tax

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

According to the Income Tax Law in the ROC, and additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 a liability is settled or an asset is 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 tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

<u>Estimated impairment of financial assets</u>

The provision for impairment of trade receivable 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 and existing market conditions as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 5,471	$ 4,261
Checking accounts and demand deposits	786,160	793,967
Cash equivalent		
Time deposits with original maturities less than three months	20,193	2,469
	$ 811,824	$ 800,697

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2021	**2020**
Bank balance	0%-1.24%	0%-1.24%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	**2020**
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Structured deposits	$ 86,880	$ 80,537

8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2021	**2020**
Notes receivable	$ 297,688	$ 198,232
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 841,130	$ 914,208
Less: Allowance for impairment loss	(174,107)	(185,658)
	$ 667,023	$ 728,550

The average credit period of sales of goods was 90-180 days.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. The lifetime ECLs on accounts receivable are estimated by reference to past collecting and default experiences of the debtor, an increase in deferred or overdue payments over average credit term and an analysis of the debtors' current financial position, adjusted for general economic conditions of the industries in which the debtors operate. 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 an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable 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 for accounts receivable and notes receivable.

December 31, 2021

	Under 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 1,005,012	$ 42,666	$ 91,140	$ 1,138,818
Loss allowance (Lifetime ECLs)	(111,580)	(12,118)	(50,409)	(174,107)
Amortized cost	$ 893,432	$ 30,548	$ 40,731	$ 964,711

December 31, 2020

	Under 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	$ 818,681	$ 101,811	$ 191,948	$ 1,112,440
Loss allowance (Lifetime ECLs)	(8,470)	(26,927)	(150,261)	(185,658)
Amortized cost	$ 810,211	$ 74,884	$ 41,687	$ 926,782

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 185,658	$ 167,879
Add: Net remeasurement of loss allowance	(5,603)	73,152
Less: Amounts written off	(563)	(56,233)
Foreign exchange gains and losses	(5,385)	860
Balance at December 31	$ 174,107	$ 185,658

Refer to Note 25 for details of the factoring agreements for notes receivable.
Refer to Note 27 for details of collaterals that the Group held for these balances.

9. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 567,301	$ 390,299
Work in progress	363,208	356,429
Merchandise	176,198	246,225
Inventory in transit	147,476	96,273
Finished goods	43,948	40,969
	$ 1,298,131	$ 1,130,125

The cost of goods sold for the years ended December 31, 2021 and 2020 included inventory write-downs of $49,059 thousand and $76,071 thousand, respectively.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

			Proportion of Ownership		
			December 31		
Investor	Investee	Nature of Activities	2021	2020	Remark
The Company	Anderson Industrial (Hong Kong) Ltd.	Import, exporting and general investing activities	100.00%	100.00%	1)
	Anderson Europe GmbH	Manufacture and sale of machinery and service	100.00%	100.00%	-
	Anderson America Corporation (U.S.A.) (Anderson America)	Sale of machinery and service	100.00%	100.00%	-
	CNT Industrial (Shanghai) Co., Ltd. (CNT)	Manufacture and sale of woodworking machinery	100.00%	100.00%	-
	Anderson Logistics Corporation (Anderson Logistics)	Import and exporting	100.00%	100.00%	-
	Jentec Machinery (Shanghai) Co., Ltd. (Jentec)	Manufacture and sale of machinery	100.00%	100.00%	-
	Anderson Merchandise Corporation (Anderson Merchandise)	Sale of wood panels and service	100.00%	100.00%	-
	Giben Holdings Co., Ltd. (BVI) (Giben BVI)	Investment	100.00%	100.00%	-
	Giben Holdings Co., Ltd. (SAMOA) (Giben SAMOA)	Investment	100.00%	100.00%	-
	Sogotec Enterprise Co., Ltd. (Sogotec)	Manufacture and sale of machinery	58.11%	57.82%	-
Anderson Logistics	Sogotec	Manufacture and sale of machinery	21.97%	21.97%	-
Anderson Merchandise	Sogotec	Manufacture and sale of machinery	0.25%	0.25%	-
Giben Samoa	Giben America, Inc. (Giben America)	Sale of machinery and service	100.00%	100.00%	-
	Giben do Brasil Maquinas e Equipamentos Ltda (Giben Brasil)	Manufacture and sale of machinery	0.28%	0.28%	-
Giben BVI	Giben Brasil	Manufacture and sale of machinery	99.72%	99.72%	-
Anderson Europe GmbH	MATEC GmbH (MATEC)	Manufacture and sale of machinery	100.00%	100.00%	-
	Anderson Service GmbH (ASC)	Sale of machinery and service	100.00%	100.00%	2)
Sogotec	Sogotec Precision (Shanghai) Co., Ltd (Sogotec Shanghai)	Sale of machinery and service	100.00%	100.00%	-

1) The Group resolved to liquidate and dissolve the company. As of December 31, 2021, the process of liquidation is still ongoing.

2) ASC was set up in May 2020 under Anderson Europe GmbH with the amount of EUR25,000. Anderson Europe acquired 100% of ASC’s shares.

b. Subsidiaries excluded from consolidated financial statements: None.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Research and Development Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2020	$ 350,634	$ 1,071,814	$ 196,904	$ 28,999	$ 165,419	$ 1,813,770
Additions	-	14,739	55,288	333	7,645	78,005
Disposals	-	(5,360)	(980)	(5,652)	(18,833)	(30,825)
Reclassification	-	4,455	11,014	2,639	172	18,280
Effect of foreign currency exchange differences	3,224	(211)	(3,021)	-	(3,006)	(3,014)
Balance at December 31, 2020	353,858	1,085,437	259,205	26,319	151,397	1,876,216
Accumulated depreciation and impairment						
Balance at January 1, 2020	-	451,066	101,969	17,943	112,805	683,783
Depreciation	-	44,544	14,091	3,895	17,520	80,050
Disposals	-	(5,360)	(980)	(5,652)	(18,428)	(30,420)
Reclassification	-	-	(112)	-	-	(112)
Effect of foreign currency exchange differences	-	(1,758)	(1,378)	-	(2,778)	(5,914)
Balance at December 31, 2020	-	488,492	113,590	16,186	109,119	727,387
Carrying amount at December 31, 2020	$ 353,858	$ 596,945	$ 145,615	$ 10,133	$ 42,278	$ 1,148,829
Cost						
Balance at January 1, 2021	$ 353,858	$ 1,085,437	$ 259,205	$ 26,319	$ 151,397	$ 1,876,216
Additions	-	12,070	2,035	509	30,797	45,411
Disposals	(37,421)	(81,344)	(27,335)	(5,894)	(5,125)	(157,119)
Reclassification	-	3,488	(1,496)	(103)	10,560	12,449
Effect of foreign currency exchange differences	(8,717)	(8,787)	(3,192)	-	(5,781)	(26,477)
Balance at December 31, 2021	307,720	1,010,864	229,217	20,831	181,848	1,750,480
Accumulated depreciation and impairment						
Balance at January 1, 2021	-	488,492	113,590	16,186	109,119	727,387
Depreciation	-	43,900	15,954	3,195	21,534	84,583
Disposals	-	(45,024)	(25,886)	(5,894)	(5,114)	(81,918)
Reclassification	-	-	(715)	(57)	-	(772)
Effect of foreign currency exchange differences	-	(2,420)	(2,880)	-	(7,259)	(12,559)
Balance at December 31, 2021	-	484,948	100,063	13,430	118,280	716,721
Carrying amount at December 31, 2021	$ 307,720	$ 525,916	$ 129,154	$ 7,401	$ 63,568	$ 1,033,759

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

Building	3-55 years
Machinery	1-20 years
Research and development equipment	3-10 years
Other equipment	1-33 years

On May 3, 2021, the board of directors resolved to dispose of the land and buildings located in Xitun District, Taichung. The sale price was $290,888 thousand and the gain on disposal was $216,938 thousand. The registration for transfer of ownership was completed in August 2021.

In August 1996, the Company purchased land in Houlong Township of Miaoli County for $11,000 thousand. However, due to the statutory restrictions on the transfer of farmland, the title deed has not been legally transferred to the Company; therefore, the Company entered into a contract with the seller to prevent any future claims on the land by the seller, the seller’s heir at law, or any other third parties. In addition, if the land zoning is changed, the seller is obligated to transfer the title immediately. Accordingly, the farmland is recorded under other non-current assets. In March 2005, the Company applied to the Land Office for the modification of land usage and changed parts of the land’s zoning designation from farmland to construction use, which amounted to $4,518 thousand. Accordingly, the Company has been registered as the legal owner, and has reclassified such land to property, plant and equipment.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 27.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 22,011	$ 25,435
Buildings	63,542	73,437
Transportation equipment	25,865	21,122
	$ 111,418	$ 119,994

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 18,740	$ 101,019
Depreciation charge for right-of-use assets		
Land	$ 3,339	$ 3,335
Buildings	10,591	9,074
Transportation equipment	11,929	8,345
	$ 25,859	$ 20,754

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 26,083	$ 23,658
Non-current	$ 79,326	$ 89,825

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020

Land	1.71%	1.71%
Buildings	1.45%-1.71%	1.45%-1.71%
Transportation equipment	1.41%-1.74%	1.45%-1.74%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants and offices with lease terms of 2 to 10 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 33,733	$ 26,729
Total cash outflow for leases	$(60,737)	$(47,716)

The Group's leases of certain office and transportation equipment assets qualify as short-term 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.

The amount of lease commitments for short-term leases for which the recognition exemption is applied were $1,630 thousand and $2,416 thousand as of December 31, 2021 and 2020, respectively.

13. INTANGIBLE ASSETS

	Goodwill	Patent	Trademark	Software	Technical Drawing	Total
Cost						
Balance at January 1, 2020	$ 51,828	$ 58,672	$ 62,145	$ 22,038	$ 15,355	$ 210,038
Additions	-	-	-	99	83	182
Reclassification	-	1,541	-	-	-	1,541
Effect of foreign currency exchange differences	(1,955)	(467)	(1,425)	563	656	(2,628)
Balance at December 31, 2020	49,873	59,746	60,720	22,700	16,094	209,133
Accumulated amortization and impairment						
Balance at January 1, 2020	12,745	54,225	-	14,717	8,690	90,377
Amortization expense	-	1,572	-	1,801	3,268	6,641
Effect of foreign currency exchange differences	-	127	-	568	497	1,192
Balance at December 31, 2020	12,745	55,924	-	17,086	12,455	98,210
Carrying amount at December 31, 2020	$ 37,128	$ 3,822	$ 60,720	$ 5,614	$ 3,639	$ 110,923
Cost						
Balance at January 1, 2021	$ 49,873	$ 59,746	$ 60,720	$ 22,700	$ 16,094	$ 209,133
Additions	-	-	-	17	569	586
Effect of foreign currency exchange differences	(1,043)	(834)	(760)	(1,479)	(1,732)	(5,848)
Balance at December 31, 2021	48,830	58,912	59,960	21,238	14,931	203,871
Accumulated amortization and impairment						
Balance at January 1, 2021	12,745	55,924	-	17,086	12,455	98,210
Amortization expense	-	1,491	-	1,804	2,863	6,158
Effect of foreign currency exchange differences	-	(726)	-	(1,473)	(1,475)	(3,674)
Balance at December 31, 2021	12,745	56,689	-	17,417	13,843	100,694
Carrying amount at December 31, 2021	$ 36,085	$ 2,223	$ 59,960	$ 3,821	$ 1,088	$ 103,177

The above items of intangible asset are amortized on a straight-line basis over the estimated useful lives as follows:

Patents	5-20 years
Software	3-5 years
Technical drawing	5 years

The Group acquired 100% interest of Giben Brasil in September 2014. After the acquisition, the actual profitability of Giben Brasil was below expectation; therefore, accumulated impairment loss on goodwill of $12,745 thousand was recognized for the year ended December 31, 2021.

Management believes the Group will renew the trademark continuously and has the ability to do so. Various studies including studies about product life cycle, market, competitive and environmental trends, and brand extension opportunities have been performed by management of the Company, which supported the opinion that there is no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows. Therefore, the trademark is considered to have an indefinite useful life. The trademark will not be amortized until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 27)		
Bank loans	$ 751,903	$ 645,608
Unsecured borrowings		
Bank loans	402,407	769,439
Loans from the government	4,046	11,452
	$ 1,158,356	$ 1,426,499

The range of interest rates on bank loans were 0.85%-1.35% and 0.85%-3.60% per annum as of December 31, 2021 and 2020, respectively.

Due to the impact of the Covid-19 pandemic, the United States federal government signed the CARES Act and established the Paycheck Protection Program (PPP) in order to help small-medium companies maintain their day-to-day business operations during the economic crisis by means of salaries paid to workers and creation of jobs

The subsidiary of the Group in the United States obtained loans of US$597 thousand and US$146 thousand, which were approved by financial institution and authorized by U.S. Small Business Administration (SBA) in May 2020 and April 2021, respectively. The loan is mainly used to pay the salaries of employees and related welfare expenditures. The subsidiary may apply for loan forgiveness if it meets all specific conditions. The principal and interest of loan that have not been forgiven must be paid off within 2 years at a fixed interest rate of 1%. The subsidiary had applied for loan exemption, of which US$195 thousand and US$402 thousand were approved and transferred to other income for reducing administrative expenses in 2020 and 2021, respectively. The remaining part of the loan is still waiting for approval and has not been recognized as income from government grants.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 27)		
Bank loans (1)	$ 467,138	$ 384,342
Other loans (2)	19,077	27,652
Unsecured borrowings		
Bank loans	106,850	128,075
	593,065	540,069
Less: Current portion	(139,642)	(188,310)
Long-term borrowings	$ 453,423	$ 351,759

1) As of December 31, 2021 and 2020, the interest rates of the bank borrowings secured by the Group's financial assets at amortized cost, accounts receivable, other receivables, freehold land and buildings were 1.42%-2.40% and 1.45%-2.40% per annum, respectively. The bank borrowings are due from March 2024 to December 2035.

2) As of December 31, 2021 and 2020, the interest rates of other borrowings from CHAILEASE CONSUMER FINANCE CO., LTD. secured by the Group's accounts receivable were 4.72%-11.03% and 9.06%-10.40% per annum, respectively. The borrowings are due from June 2022 to August 2023.

15. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 113,688	$ 84,089
Payables for commission	21,955	23,200
Payables for business taxes	10,805	11,864
Payables for compensation of employees and remuneration to directors and supervisors	8,101	3,856
Payables for interest	869	1,204
Others	9,746	80,593
	$ 165,164	$ 204,806

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in other countries are members of state-managed retirement benefit plans operated by the local government. The subsidiary is required to contribute amounts equal to a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Sogotec in accordance with the Labor Standards Law are operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and Sogotec contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is operated and managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); as such, the Group does not have any right to intervene in the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 104,970	$ 101,116
Fair value of plan asset	(71,010)	(57,913)
Net defined benefit liability	$ 33,960	$ 43,203

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2020	$ 125,701	$ (70,818)	$ 54,883
Service cost			
Current service cost	668	-	668
Net interest expense (income)	956	(546)	410
Recognized in profit or loss	1,624	(546)	1,078
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,218)	(2,218)
Actuarial loss - changes in demographic assumptions	16	-	16
Actuarial loss - changes in financial assumptions	2,471	-	2,471
Actuarial gain - experience adjustments	(5,686)	-	(5,686)
Recognized in other comprehensive income	(3,199)	(2,218)	(5,417)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Contributions from the employer	-	(7,341)	(7,341)
Benefits paid from plan assets	(23,010)	23,010	-
	(23,010)	15,669	(7,341)
Balance at December 31, 2020	101,116	(57,913)	43,203

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Service cost			
Current service cost	$ 398	$ -	$ 398
Net interest expense (income)	506	(296)	210
Recognized in profit or loss	904	(296)	608
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(927)	(927)
Actuarial loss - changes in demographic assumptions	3,007	-	3,007
Actuarial gain - changes in financial assumptions	(1,602)	-	(1,602)
Actuarial loss - experience adjustments	1,545	-	1,545
Recognized in other comprehensive income	2,950	(927)	2,023
Contributions from the employer	-	(11,874)	(11,874)
Balance at December 31, 2021	$ 104,970	$ (71,010)	$ 33,960

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

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

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

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

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

	December 31	
	2021	2020
Discount rates	0.625%	0.500%
Expected rates of salary increase	2.750%-3.500%	2.750%-3.750%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (2,551)	$ (2,630)
0.25% decrease	$ 2,642	$ 2,727
Expected rate(s) of salary increase		
0.25% increase	$ 2,540	$ 2,618
0.25% decrease	$ (2,466)	$ (2,538)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 3,635	$ 12,497
The average duration of the defined benefit obligation	9.50-12.20 years	10.20-13.20 years

17. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousand)	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousand)	199,331	199,331
Shares issued	$ 1,993,310	$ 1,993,310

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

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 111,870	$ 131,003
Conversion of bonds	99,979	99,979
Treasury share transactions	8,790	59,673
Difference between consideration and carrying amount arising from the acquisition disposal of subsidiaries' shares	12,201	12,201
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	-	63,352
May not be used for any purpose		
Employee share options	184	184
	$ 233,024	$ 366,392

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

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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 with a proportion of no less than 10%, 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 in Note 19-f.

According to the Articles of Incorporation of the Company, 30%-100% of dividends are to be distributed as cash dividends and 0%-70% as share dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of deficit for 2020 and 2019 were approved in the shareholders' meeting on July 2, 2021 and May 27, 2020, respectively as follows:

	Appropriation of Deficits For the Year Ended December 31	
	2020	2019
Legal reserve	$ -	$ 186,665
Special reserve	-	75,178
Capital surplus	114,235	9,753

In the shareholders' meeting on July 2, 2021 and May 27, 2020, the Company's shareholders resolved to issue cash dividends from capital surplus of $19,133 thousand and $19,933 thousand, respectively.

On March 8, 2022, the Company's board of directors proposed an earning distribution for 2021 which is subject to resolution of the shareholders in their meeting to be held on May 30, 2022.

d. Treasury shares

Purpose of Buy-back	Number of Shares at January 1	Shares Transferred to Employees	Shares Cancelled	Number of Shares at December 31
2021				
Shares transferred to employees (in thousands of shares)	8,000	-	-	8,000
2020				
Shares transferred to employees (in thousands of shares)	5,000	3,000	-	8,000

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

18. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	$ 3,509,882	$ 3,132,720
Revenue from the rendering of services	75,714	75,263
Others	2,010	2,963
	$ 3,587,606	$ 3,210,946

a. Refer to Notes 4-n and 32 for information about contract information and disaggregation of revenue.

b. Contract balances: As of December 31, 2021 and 2020, the amounts of contract liabilities were $234,212 thousand and $155,122 thousand, respectively, which mainly comprised of unearned receipts.

19. NET INCOME (LOSS)

a. Other income

	For the Year Ended December 31	
	2021	2020
Subsidy income	$ 12,117	$ 39,034
Rental income	8,932	3,683
Others	39,893	29,246
	$ 60,942	$ 71,963

b. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of property, plant and equipment	$218,820	$ 92
Net foreign exchange losses	(35,944)	(36,634)
Impairment losses on financial assets	(4,973)	-
Net gain on financial assets at FVTPL	1,982	2,797
Others	(1,552)	1,884
	$178,333	$(31,861)

c. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 31,096	$ 32,700
Interest on lease liabilities	1,608	1,486
	$ 32,704	$ 34,186

d. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 84,583	$ 80,050
Right-of-use assets	25,859	20,754
Intangible assets	6,158	6,641
	$ 116,600	$ 107,445

An analysis of depreciation by function		
Operating costs	$ 39,404	$ 31,177
Operating expenses	71,038	69,627
	$ 110,442	$ 100,804
An analysis of amortization by function		
Operating expenses	$ 6,158	$ 6,641

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 667,296	$ 746,828
Post-employment benefits		
Defined contribution plans	17,968	15,515
Defined benefit plans (Note 16)	608	1,078
	18,576	16,593
Other employee benefits	27,863	18,010
Total employee benefits expense	$ 713,735	$ 781,431
An analysis of employee benefits expense by function		
Operating costs	$ 124,711	$ 128,014
Operating expenses	589,024	653,417
	$ 713,735	$ 781,431

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at the rates of 1%-10% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Resulting from a loss for the year ended 2020, no estimation for employees' compensation and remuneration of directors was made. The employees' compensation and remuneration of directors for the years ended December 31, 2021 which have been approved by the Company's board of directors on March 8, 2022 were as follows:

Accrual rate

	For the Year Ended December 31
	2021
Compensation of employees	1%
Remuneration of directors	1%

Amount

	For the Year Ended December 31 2021
Compensation of employees	$ 2,593
Remuneration of directors	$ 2,593

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

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

20. INCOME TAXES

a. Income tax recognized in profit or loss:

Major components of income tax expense (benefit) are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 23,487	$ 10,057
Income tax on unappropriated earnings	647	320
Adjustments for prior years	(1,090)	6,342
Land value increment tax	23,011	99
	46,055	16,818
Deferred tax		
In respect of the current year	12,808	(24,334)
Income tax expense (benefit) recognized in profit or loss	$ 58,863	$ (7,516)

A reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2021	2020
Net profit (loss) before income tax	$ 277,835	$(125,535)
Income tax expense (benefit) calculated at the statutory rate	$ 55,567	$ (25,107)
Adjustment items in determining taxable profit and loss carryforwards	17,544	14,584
Adjustments for prior years' tax	(1,090)	6,342
Nondeductible expenses in determining taxable income	1,064	4,487
Temporary differences	(188)	785
Income tax on unappropriated earnings	647	320
Land value increment tax	23,011	99
Tax-exempt income	(46,246)	(4,259)
Effect of different tax rate of entities in the Group operating in other jurisdictions	8,554	(4,767)
Income tax expense (benefit) recognized in profit or loss	$ 58,863	$ (7,516)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020

Deferred tax

In respect of the current period		
Remeasurement on defined benefit plan	$ (405)	$ 1,130

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Defined benefit obligation	$ 8,919	$ (2,253)	$ 405	$ 7,071
Inventory write-downs	31,191	1,866	-	33,057
Unrealized foreign exchange loss	5,708	882	-	6,590
Share of loss of subsidiaries accounted for using the equity method	40,054	(6,277)	-	33,777
Others	53,428	(6,463)	-	46,965
	$139,300	$ (12,245)	$ 405	$127,460
Deferred tax liabilities				
Share of profit of subsidiaries accounted for using the equity method	$ 1,201	$ 563	$ -	$ 1,764

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Defined benefit obligation	$ 11,282	$ (1,233)	$ (1,130)	$ 8,919
Inventory write-downs	26,475	4,716	-	31,191
Unrealized foreign exchange loss	10,178	(4,470)	-	5,708
Share of loss of subsidiaries accounted for using the equity method	16,679	23,375	-	40,054
Others	50,281	3,147	-	53,428
	$114,895	$ 25,535	$ (1,130)	$139,300
Deferred tax liabilities				
Share of profit of subsidiaries accounted for using the equity method	$ -	$ 1,201	$ -	$ 1,201

d. Information about unused loss carryforwards

Unused loss carryforward as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 138,398	2025
38,564	2026
24,133	2029
14,180	2030
26,593	2031
$ 241,868	

e. Income tax assessments

The latest annual income tax returns that have been assessed by the tax authorities were as follows:

Company	Year
The Company	2019
Anderson Merchandise	2019
Anderson Logistics	2019
Sogotec	2019

21. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings (loss) per share	$ 1.14	$ (0.61)
Diluted earnings (loss) per share	$ 1.14	$ (0.61)

The earnings (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share were as follows:

Net Income (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Earnings (loss) used in the computation of basic/diluted earnings (loss) per share	$ 218,222	$(118,733)

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	191,331	193,138
Effect of potentially dilutive ordinary shares		
Compensation of employees	217	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	191,548	193,138

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumed 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.

22. GOVERNMENT GRANTS

In addition to those described in Note 14, the Group obtained a subsidy in the amount of $21,297 thousand from the government in accordance with the handling of salary and working capital subsidies for difficult businesses of manufacturing and technical service industries that are affected by severe pneumonia with novel pathogens by the Ministry of Economic Affairs in 2020.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June 2020, Sogotec bought back its ordinary shares, which increased the Group's continuing interest from 79.94% to 80.33%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	For the Year Ended December 31
	2020
Cash consideration received	$ (5,912)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	3,518
Differences recognized from equity transactions	$ (2,394)
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (2,394)

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

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

25. FINANCIAL INSTRUMENTS

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

The Group's management considers the carrying amounts recognized in the consolidated financial statements for financial assets and financial liabilities not carried at fair value to approximate their fair values or their fair values cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	$ -	$ 86,880	$ -	$ 86,880
Financial assets at FVTOCI				
Equity instruments				
Domestic unlisted shares	$ -	$ -	$ 69,076	$ 69,076

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	$ -	$ 80,537	$ -	$ 80,537
Financial assets at FVTOCI				
Equity instruments				
Domestic unlisted shares	$ -	$ -	$ 73,104	$ 73,104

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

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

Investments in equity instruments at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 73,104	$ 34,247
Purchases	46,430	36,801
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	(50,458)	2,056
Balance at December 31	$ 69,076	$ 73,104

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

Financial Instrument	Valuation Technique and Inputs
Structured deposits	Future cash flows are estimated based on the rate of return derived from the invested principal and the linked target.

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

The fair values of unlisted equity securities - ROC were determined using the market approach. In this approach, the estimates or assumptions used to determine fair values are established by reference to relevant information of other listed companies or peers in similar nature of business.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 86,880	$ 80,537
Financial assets at amortized cost (1)	2,104,679	2,064,944
Financial assets at FVTOCI		
Equity instruments	69,076	73,104
Financial liabilities		
Financial liabilities at amortized cost (2)	2,370,848	2,446,746

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, time deposits with original maturity of more than 3 months, restricted deposits, notes receivable, accounts receivable and other receivables.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and beneficiary certificates investments, accounts receivable, accounts payable, lease liabilities and short-term and long-term borrowings. The Group's corporate treasury function provides services to the business, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities is exposed primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which were exposed to foreign currency risk. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Group managed the risk by balancing positions of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB and EUR.

The following details the effects of a 1% increase or decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. For a 1% strengthening/weakening of NTD against the relevant currency, the net profit before tax would be a decrease/an increase of $14,762 thousand for the year ended December 31, 2021, and the net loss before tax would be an increase/a decrease of $14,020 thousand for the year ended December 31, 2020.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 20,193	$ 2,469
Financial liabilities	361,005	297,055
Cash flow interest rate risk		
Financial assets	997,268	925,217
Financial liabilities	1,495,825	1,782,996

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 10 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analyses were determined based on the Group's exposure to interest rates at the end of the reporting period. A 10 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2021 would have decreased/ increased by $499 thousand and the Group's pre-tax loss for the year ended December 31, 2020 would have increased/decreased by $858 thousand, which was mainly attributable to the Group's exposure to cash flow on its variable-rate bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and beneficiary certificates.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, pre-tax profit for year ended December 31, 2021 would have increased/decreased by $8,688 thousand, as a result of the changes in fair value of financial assets at FVTPL. Pre-tax loss for year ended December 31, 2020 would have decreased/increased by $8,054 thousand, as a result of the changes in fair value of financial assets at FVTPL. The other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by $6,908 thousand and $7,310 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Group could arise from:

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

b) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of excellent grade. This information is supplied by a rating agency where available and, if not available, the Group uses other publicly available financial information 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.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2021 and 2020, the Group had available unutilized bank loan facilities set out in (b) below.

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had 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. 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.

December 31, 2021

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 619,427	$ -	$ -	$ -
Lease liabilities	7,320	20,139	55,951	26,762
Variable interest rate liabilities	926,565	171,063	402,975	26,055
Fixed interest rate liabilities	20,634	191,697	51,324	4,220
	$ 1,573,946	$ 382,899	$ 510,250	$ 57,037

December 31, 2020

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 480,178	$ -	$ -	$ -
Lease liabilities	6,814	18,401	58,400	35,881
Variable interest rate liabilities	1,110,486	307,330	271,197	26,727
Fixed interest rate liabilities	104,087	104,462	66,510	17,253
	$ 1,701,565	$ 430,193	$ 396,107	$ 79,861

The above amount of variable interest rate instruments for both non-derivative financial assets and liabilities was 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 facilities

	December 31	
	2021	2020
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	$ 509,257	$ 897,514
Amount unused	552,081	751,044
	$ 1,061,338	$ 1,648,558
Secured bank overdraft facility:		
Amount used	$ 1,219,041	$ 1,029,950
Amount unused	648,801	866,926
	$ 1,867,842	$ 1,896,876

e. Transfers of financial assets

The Group did not sign a contract for the sale of notes receivable with banks in 2021. For the year ended December 31, 2020, the Group’s discounted notes receivable with aggregate carrying amount of $91,983 thousand were pledged to banks for cash proceeds of $90,959 thousand. According to the contract, if these trade receivables are not recoverable at maturity, banks have the right to request that the Group pays the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognize the full carrying amounts of these trade receivables and treats these notes and accounts receivable that have been transferred to banks as collateral for borrowings (see Note 27).

As of December 31, 2020, the carrying amount of these notes receivable (classified as other receivables) that have been transferred but not derecognized was $39,988 thousand, and the carrying amount of the related liabilities was $39,988 thousand.

26. TRANSACTIONS WITH RELATED PARTIES

The Company's board of directors was fully re-elected on May 27, 2020. Parpro Corporation (Parpro) lost its control over the Company by not being able to acquire more than half the seats in the board of directors, and its relationship with the Company had changed from parent company to associate. Parpro held 20.86% of the Company's outstanding shares on December 31, 2021. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The price and the transaction terms with related parties were not significantly different from those with third parties. Details of material transactions between the Group and other related parties are disclosed below:

a. Related parties and their relationships with the Company:

Related Party	Relationship with the Company
Parpro Corporation (Parpro)	Investor with significant influence over the Group (parent entity before May 27, 2020)
Verite	Associate
SLICE BLISS CO., LTD.	Associate
MATEC Schweiz AG	Associate

b. Sales

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
Associate	$ 4,890	$ 1,508
Investor with significant influence over the Group	9	29
	$ 4,899	$ 1,537

For major transactions between the Group and related parties, the transaction price is considerably the same as those of non-related parties.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
Associate	$ 56	$ 113

d. Lease arrangements

Related Party Category/Name	For the Year Ended December 31 2021	2020
Lease expense		
Investor with significant influence over the Group	$ 1,911	$ 140
Parent entity	-	100
	$ 1,911	$ 240

The Company leases buildings for plants and office spaces which are under short-term lease regulation, and the lease is under common market price. The conditions and rental payments are similar to ordinary leases.

e. Compensation of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 83,370	$ 98,458
Post-employment benefits	2,633	1,944
	$ 86,003	$ 100,402

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets at book value were provided as collateral for bank borrowings and to obtain loan limit:

	December 31 2021	2020
Bank deposits (classified as financial assets at amortized cost)	$ 186,355	$ 133,116
Accounts receivable	19,077	27,652
Notes receivable (classified as other receivables)	-	39,988
Building	314,286	363,019
Freehold land	88,037	125,457
Other non-current assets	6,482	6,482
	$ 614,237	$ 695,714

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

As of December 31, 2021, unused letters of credit for purchases of raw materials amounted to $70,538 thousand.

29. OTHER ITEMS

The Group has evaluated the impact of the COVID-19 pandemic. As of the date the consolidated financial statements were authorized for issue, there was no significant impact on the Group's operation, financing condition and asset impairment. However, the impact of the pandemic is still uncertain. As such, the Group will continue to monitor the development of the pandemic and evaluate its impact.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The entities in the Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25,752	27.680 (USD:NTD)	$ 712,815
EUR	2,771	31.320 (EUR:NTD)	86,788
RMB	175,675	4.344 (RMB:NTD)	763,132
Financial liabilities			
Monetary items			
USD	1,931	27.680 (USD:NTD)	53,450
EUR	901	31.320 (EUR:NTD)	28,219
RMB	1,126	4.344 (RMB:NTD)	4,891

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 27,552	28.480 (USD:NTD)	$ 784,681
EUR	2,697	35.020 (EUR:NTD)	94,449
RMB	149,766	4.377 (RMB:NTD)	655,526
Financial liabilities			
Monetary items			
USD	3,990	28.480 (USD:NTD)	113,635
EUR	538	35.020 (EUR:NTD)	18,841
RMB	51	4.377 (RMB:NTD)	223

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses amounted to $35,944 thousand and $36,634 thousand, respectively. It is impractical to disclose net foreign exchange gain (loss) by each significant foreign currency due to the variety of the foreign currency transactions.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

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

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

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 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) Intercompany relationships and significant intercompany transactions formation on investees. (Table 6)

b. Information on investees. (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the 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. (Table 6)

d. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shares and percentage of ownership of each shareholder (Table 9)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were as follows:

a. Segments revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31	
	2021	2020
Segment revenue		
Machinery segment	$2,905,574	$2,626,359
Wood panels segment	682,032	584,587
	$3,587,606	$3,210,946
Segment income (loss)		
Machinery segment	$ 25,071	$ (156,327)
Wood panels segment	45,825	24,586
	70,896	(131,741)
Non-operating income and expenses	206,939	6,206
Profit (loss) before tax	$ 277,835	$ (125,535)

b. Segment total assets and liabilities

The Group's segment total assets and liabilities and other segment information were not provided to the chief operating decision maker; therefore, disclosure was not necessary.

c. Geographic information

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Taiwan	$ 957,215	$ 932,886
China	596,764	535,361
USA	475,484	467,355
Germany	370,939	404,488
Brazil	282,491	178,512
Australia	233,987	99,843

Thailand	35,585	15,177
Others	635,141	577,324
	$ 3,587,606	$ 3,210,946

	Non-current Assets	
	December 31	
	2021	2020
Taiwan	$ 863,607	$ 995,217
Brazil	169,775	175,104
Germany	130,499	150,910
USA	68,982	72,611
China	40,800	46,856
Others	18,654	-
	$ 1,292,317	$ 1,440,698

Non-current assets exclude financial instruments, investments accounted for using the equity method and deferred tax assets.

d. Revenue from major products and services

For the years ended December 31, 2021 and 2020, the Group's revenue from a single customer did not exceed 10% of the consolidated revenue.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral Item	Collateral Value	Financing Limit for Each Borrower (Notes 1 and 3)	Aggregate Financing Limits (Notes 1 and 3)	Note
0	The Company	MATEC	Accounts receivable - related parties	Yes	$ 34,370	$ 31,320	$ 31,320	2.5%	Short-term financing	$ -	Operation requirements	$ -	-	$ -	$ 435,516	$ 871,032	2
		Monforts GmbH	Other accounts receivable	No	54,992	50,112	50,112	2.5%-5%	Short-term financing	-	Operation requirements	4,973	-	-	435,516	871,032	5
1	CNT	The Company	Accounts receivable - related parties	Yes	77,378	73,196	-	2.5%	Short-term financing	-	Operation requirements	-	-	-	233,885	233,885	3
2	Sogotec	Sogotec Shanghai	Other receivable - related parties	Yes	156,204	153,227	153,227	1.48%	Business transaction	356,922	-	-	-	-	227,894	227,894	4

Note 1: The balance for the period and ending balance represent the amount approved by the board of directors.

Note 2: The loan limit should not exceed 40% of total equity of the Company. The loan limit to one party should not exceed 20% of the total equity or business transaction amount.

Note 3: The loan limit should not exceed 100% of total equity of the Company.

Note 4: The loan limit should not exceed 40% of total equity of the Company. The loan limit to one party should not exceed the total loan limit or business transaction amount.

Note 5: In May 2020, the Group lost control over Monforts GmbH after designating its trustee in bankruptcy.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	The Company	Anderson Merchandise	b	$ 653,274	$ 220,000	$ 220,000	$ 91,315	$ -	10.10	$ 1,088,791	Yes	-	-	1
		MATEC	b	653,274	171,850	43,848	43,848	-	2.01	1,088,791	Yes	-	-	1
1	Sogotec	Sogotec Shanghai	b	170,921	87,680	86,880	19,078	-	15.25	284,868	-	-	Yes	2

Note 1: The balance to one party should not exceed 30% of the total equity of the Company. The balance should not exceed 50% of total equity of the Company.

Note 2: The balance to one party should not exceed 30% of the total equity of the Sogotec Limited. The balance should not exceed 50% of total equity of the Sogotec Limited.

Note 3: The relationship is as follows:

b. The Company controls over 50% of subsidiary’s ordinary shares directly.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands of Shares)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
CNT	China Guangfa Bank "Wuhua Tianbao Version W, Section 282, year 2021" Structured Deposit	-	Financial assets at fair value through profit or loss - current	-	$ 86,880	-	$ 86,880	-
Anderson Logistics	Harbinger Technology Corporation	-	Financial assets at fair value through other comprehensive income - non-current	4,559	69,076	7.85	69,076	-

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

Note 2: Information on investments in subsidiaries and associates, see Table 7 and Table 8 for details.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Anderson America	Subsidiaries	Sales	$(299,937)	(32)	Note 1	None	Note 1	$ 181,265	31	-
Sogotec	Sogotec Shanghai	Subsidiaries	Sales	(398,884)	(65)	Net 360 days from the end of the month after acceptance	Note 2	Note 2	475,505	91	Note 3

Note 1: Collection depends on capital status.

Note 2: Sales price between Sogotech and related parties are decided mutually, the credit period for related parties is net 360 days from the end of the month after acceptance. The credit period for non-related parties is by installment or 30-150 days from the end of the month after acceptance.

Note 3: Receivable generated from related party transactions is $628,732 thousand, recorded as accounts receivable of $475,505 thousand and other accounts receivable of $153,227 thousand.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
The Company	Anderson America	Subsidiaries	Accounts receivable	$ 181,265	1.54	$ -	-	$ -	$ -
	Giben America	Subsidiaries	Accounts receivable	149,986	0.02	-	-	-	-
Sogotec	Sogotec Shanghai	Subsidiaries	Accounts receivable	475,505	0.82	77,836	-	-	-
	Sogotec Shanghai	Subsidiaries	Other accounts receivable	153,227	N/A	153,227	-	49,486	-

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Relationship (Note)	Transaction Details			
				Financial Account	Amount	Transaction Terms	% to Total Revenue or Assets
0	The Company	Anderson America	1	Sales revenue	$ 299,937	The same as common term of trade	8
		Anderson America	1	Accounts receivable - related parties	181,265	The same as common term of trade, and collection depends on capital status	4
		Giben America	1	Accounts receivable - related parties	149,986	The same as common term of trade, and collection depends on capital status	3
		Giben Brasil	1	Accounts receivable - related parties	24,495	The same as common term of trade, and collection depends on capital status	-
		Matec	1	Other receivable - related parties	31,809	The same as common term of trade, and collection depends on capital status	1
		CNT	1	Sales revenue	14,762	The same as common term of trade	-
		CNT	1	Accounts receivable - related parties	57,701	The same as common term of trade, and collection depends on capital status	1
		CNT	1	Other receivable - related parties	50,474	The same as common term of trade, and collection depends on capital status	1
		Anderson Logistics	1	Current prepayments for investments	46,430	The same as common term of trade	1
		Sogotec	1	Sales revenue	12,498	The same as common term of trade	-
1	Sogotec	Sogotec Shanghai	3	Sales revenue	398,884	The same as common term of trade	11
		Sogotec Shanghai	3	Accounts receivable - related parties	475,505	The same as common term of trade, and collection depends on capital status	9
		Sogotec Shanghai	3	Other receivable - related parties	153,227	The same as common term of trade, and collection depends on capital status	3
2	Anderson Europe GmbH	The Company	2	Accounts receivable - related parties	10,454	The same as common term of trade, and collection depends on capital status	-
3	Giben SAMOA	Anderson America	3	Sales revenue	14,737	The same as common term of trade	-
		Giben Brasil	3	Accounts receivable - related parties	32,356	The same as common term of trade, and collection depends on capital status	1
4	Anderson Industrial	CNT	3	Other receivable - related parties	20,931	The same as common term of trade, and collection depends on capital status	-

Note 1:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 2: The disclosed amount is at least NT$10,000 thousand.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

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 Profits (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	Anderson Industrial	Hong Kong	Import, exporting and general investing activities	$ 1,014	$ 1,014	300	100.00	$ 31,645	$ -	$ -	-
	Anderson Europe GmbH	Germany	Manufacture, sale of machinery and service	441,603	441,603	Note 1	100.00	260,591	47	341	-
	Anderson America	USA	Sale of machinery and service	215,024	215,024	1	100.00	48,207	15,419	15,419	-
	Anderson Logistics	Taiwan	Import and export	220,000	220,000	22,000	100.00	202,795	(9,354)	(9,354)	-
	Giben BVI	British Virgin Islands	Investment	422,078	422,078	10	100.00	241,240	41,773	41,773	-
	Giben SAMOA	Samoa	Investment	146,813	146,813	10	100.00	74,067	(9,157)	(9,157)	-
	Anderson Merchandise	Taiwan	Sale of wood panels and service	50,000	50,000	5,000	100.00	197,891	33,979	33,979	-
	Sogotec	Taiwan	Manufacture and sale of machinery	238,746	238,746	11,796	58.11	293,477	3,855	4,821	-
Anderson Merchandise	Sogotec	Taiwan	Manufacture and sale of machinery	3,000	3,000	50	0.25	2,947	3,855	Not applicable	-
Anderson Logistics	Sogotec	Taiwan	Manufacture and sales of machinery	178,682	178,682	4,461	21.97	124,844	3,855	Not applicable	-
	Verite	Taiwan	Import and export	18,000	18,000	1,800	33.33	947	-	Not applicable	-
	Slice Bliss	Taiwan	Import and export	5,500	-	550	33.33	4,900	-	Not applicable	-
Giben SAMOA	Giben America	USA	Sale of machinery and service	145,329	145,329	Note 1	100.00	(43,071)	(28,581)	Not applicable	-
	Giben Brasil	Brazil	Manufacture and sale of machinery	1,183	1,183	Note 1	0.28	675	46,589	Not applicable	-
Giben BVI	Giben Brasil	Brazil	Manufacture and sale of machinery	421,626	421,626	Note 1	99.72	240,935	46,589	Not applicable	-
Anderson Europe GmbH	Monforts GmbH	Germany	Manufacture and sale of machinery	197,426	197,426	Note 1, 2	-	-	-	Not applicable	-
	MATEC	Germany	Manufacture and sale of machinery	155,496	155,496	Note 1	100.00	146,633	(8,626)	Not applicable	-
	ASC	Germany	Sale of machinery and service	808	808	Note 1	100.00	731	(19)	Not applicable	-
MATEC	Matec Schweiz AG	Schweiz	Sale of machinery and service	1,292	-	0.51	51.00	563	-	Not applicable	-

Note 1: Limited company structure.

Note 2: In May 2020, the Group lost control over Monforts GmbH after designating its trustee in bankruptcy.

ANDERSON INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
CNT	Manufacture and sale of woodworking machinery	$ 264,167	a	$ 264,167	$ -	$ -	$ 264,167	$ (15,709)	100	$ (15,709)	$ 230,595	$ 104,731	2 and 4
Jentec	Manufacture and sale of machinery	70,640	a	70,640	-	-	70,640	(1,267)	100	(1,284)	37,679	-	2
Sogotec Shanghai	Sale of machinery and service	26,487	b	26,487	-	-	26,487	(10,662)	100	(10,662)	(78,330)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 361,294	$ 361,294	$ -(Note3)

Note 1: The methods of investment are as follows:

a. Direct investment in mainland China.
b. Sogotec has obtained 100% contribution for $26,487 thousand (US$800 thousand).

Note 2: The amount was calculated using the equity method valuation and based on the audited financial statements.

Note 3: In accordance with “Examination Principles for Licensing Investment or Technical Cooperation in Mainland China” (revised by the MOEA on August 29, 2008), the Company has acquired certificate of operating scope, therefore the upper limit does not have to be calculated.

Note 4: As of December 31, 2021, CNT has remitted investment income of RMB23,109 thousand, equivalent to NT$104,731 thousand.

TABLE 9

ANDERSON INDUSTRIAL CORPORATION
INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Parpro Corporation	39,904,488	20.01
Yunyong Investment Co., Ltd.	20,000,000	10.03

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

6. The company and its affiliated companies for the most recent year and ending annual reports As of the end of the day, the occurrence of financial difficulties and their impact on the company's financial status: none.

7. Review and analysis of financial status and financial performance and risk issues

1. Financial status:

the main reasons for the major changes in assets, liabilities and equity in the last two years and their impact. If the impact is significant, the future response plan should be explained.

Unit: New Taiwan Dollar Thousand

Year / Project	110 Year	109	Difference	
			Amount	%
Current Assets	3,606,327	3,352,181	254,146	7.58%
Real Estate, Plant and Equipment	1,033,759	1,148,829	(115,070)	-10.02%
Intangible Assets	103,177	110,923	(7,746)	-6.98%
Other Assets	358,326	398,702	(40,376)	-10.13%
total assets	5,101,589	5,010,635	90,954	1.82%
Current liabilities	2,232,757	2,332,041	(99,284)	-4.26%
non-current liabilities	577,990	494,344	83,646	16.92%
total liabilities	2,810,747	2,826,385	(15,638)	-0.55%
attributable to the equity owners of the parent company	2,177,581	2,069,871	107,710	5.2%
equity	1,993,310	1,993,310	-	-
capital reserve	233,024	366,392	(133,368)	-36.4%
retained earnings	216,565	(114,235)	330,800	289.58%
other equity	(193,998)	(104,276)	(89,722)	86.04%
treasury stock	(71,320)	(71,320)	-	-
non-controlling interests	113,261	114,379	(1,118)	-0.98%

total equity	2,290,842	2,184,250	106,592	4.88%

Analysis of changes in the increase or decrease ratio: (the increase or decrease is more than 20%, and the amount of change is 10,000 thousand yuan)

1、increase in operating profit and loss: mainly due to the increase in revenue in the current period and the decrease in cost of throttling and control.

2、Increase in non-operating income and expenses: mainly due to the increase in benefits from disposal of real estate.

3. Decrease in other comprehensive gains and losses in the current period: mainly due to the decrease in the exchange difference in the translation of the financial statements of foreign operating agencies.

4. The increase in net profit for the current period and total comprehensive profit and loss for the current period was mainly due to the increase in non-operating income and expenses.

5. The increase in net profit and total comprehensive profit and loss attributable to the owners of the parent company: the increase in net profit and total comprehensive profit and loss in 2011.

2. Financial performance

(1) The main reasons for the major changes in operating income, operating net profit, and pre-tax net profit in the last two years, the expected sales volume and its basis, the possible impact on the company's future financial business, and the corresponding plan

unit: NT$1,000

project	the year 110	109 annual	byamount	Changedrate (%)
operatingincome	3,587,606	3,210,946	376,660	11.73%
operating margin	928,253	854,486	73,767	8.63%
operating income	70,896	(131,741)	202,637	153.81%
Non-operating income and expenses	206,939	6,206	200,733	3,234.5%
pre-tax net profit (loss)	277,835	(125,535)	403,370	321.32%
continuing the current business unit net profit (loss)	218,972	(118,019)	336,991	285.54%
loss of business units	-	-	-	-
net current period (loss)	218,972	(118,019)	336,991	285.54%
period other comprehensive loss (net of tax)	(91,250)	2,746	(93,996)	-3423.02%
period total comprehensiveand losses	127,722	(115,273)	242,995	210.8%
net profit attributable to owners of the parent company	218,222	(118,733)	336,955	283.79%
net profit attributable to non-controlling interest	750	714	36	5.04%
total comprehensive profit attributable to owners of the parent	126,843	(115,782)	242,625	209.55%
total comprehensive loss attributable to non-controlling interest	879	509	370	72.69%
Earnings per share	1.14	(0.61)	1.75	286.89%
Change analysis explanation of the increase or decrease ratio: (The increase or decrease is more than 20%,				

and the amount of change reaches 10,000 thousand yuan)
3、 increase in operating profit and loss: mainly due to the increase in revenue in the current period and the decrease in cost of throttling and control.
4、 Increase in non-operating income and expenses: mainly due to the increase in benefits from disposal of real estate.
3. Decrease in other comprehensive gains and losses in the current period: mainly due to the decrease in the exchange difference in the translation of the financial statements of foreign operating agencies.
4. The increase in net profit for the current period and total comprehensive profit and loss for the current period was mainly due to the increase in non-operating income and expenses.
5. The increase in net profit and total comprehensive profit and loss attributable to the owners of the parent company: the increase in net profit and total comprehensive profit and loss in 2011.

(2) The expected sales volume and its basis, the possible impact on the company's future financial business and the corresponding plan:

The company has notannounced the 109financial forecast, so it does not intend to disclose the expected sales volume.

3. Cash flow: analysis and explanation of cash flow changes in the most recent year, improvement plan for insufficient liquidity, and cash liquidity analysis in the coming year.

1. Liquidity analysismost recent two years.

for theAnnual project	110 year	109 year	increase (decrease) ratio
Net cash inflows from operating activities in the	127,933	127,929	-
Net cash outflow from investing activities	151,153	(167,130)	190.44%
Net cash inflow from financing activities	(245,977)	190,371	(229.21)%
Analysis of changes in the proportion of increase or decrease: Increase 1.in net cash outflow from investing activities: mainly due to the disposal of the current period This was due to the increase in the price of property, plant and equipment. 2.Decrease in net cash inflow from financing activities: mainly due to the decrease in short-term borrowings during the current period.			

2. Improvement plan for insufficient liquidity: The Company has no concerns about insufficient liquidity.

(2)the next year (111 years)of cash flow inAnalysis

Unit: NT$,

beginning Cash balance	Expected net cash flow from operating activities for	inflow (	Expected for	cash	
				)	year
year	outflow	the	814,698	-	-

1. Analysis of changes in cash flow in the next year:

(1) Operating activities: The main reason is that the net profit of the current period is expected to increase in 20111, so it is expected that the net cash inflow from operating activities will be the whole year.

(2) Investment activities: mainly the investment in machinery and equipment in 2011, resulting in net cash outflow from investment activities throughout the year.

(3) Financing activities: mainly due to the expected repayment of borrowings in 2011, resulting in net cash outflow from financing activities throughout the year.
2. Remedial measures and liquidity analysis for expected cash shortfalls: None.

4. The impact of major capital expenditures on financial business in the most recent year: The company has no major capital expenditures in the most recent year.

5. The main reasons for the profit or loss of the reinvestment policy in the most recent year, its improvement plan and the investment plan for the next year:

110.12.31 Unit: NT$1,000

of reinvestment business	110-year (loss)	policy	Profit or loss fromreasons	Improvement	year
Main	Investment	_	plan	_	_
the	plan	_	_	_	_
_	for	next	Normal	No	No
Ende Hong Kong	-	Financial Operations	Normal	No	No
Shengde Company	(9,354)	Holding Company	Recognized Investment Company Losses	No	No
Yude Industrial	33,979	Plate Trade	Normal	No	No
General Precision	3,855	Drilling Machines	Normal	No	No
Shanghai General	(10,662)	Drilling machine	performance	No	Giben
Machinery	(1,284)	Mainland China production, sales and	sales performance declined	to strengthen the development of new customer sources	No
Holdings Co. Ltd (SAMOA)	(9,157)	holding company	recognized investmentloss to the company	No	No
Giben Holdings Co. Ltd(BVI)	41,773 The	holding company	is normal	No	No
Giben America, Inc.	(28,58 1)	U.S. sales	decline and sales performance	strengthened to develop new customer sources	No
Giben do Brasil Maquinas e Equipamentos Ltda	46,589	Production and sales in Brazil	NOMATEC	NO	NO
GmbH	(8,626)	European production and sales	decline in sales performance	new customer sources	of
ASC	(19)	European sales and service	to	NO	risk

events

and evaluation ofMatters

(1) The impact of interest rate, exchange rate changes, inflation on the company's profit and loss and future countermeasures:

(1) The impact of interest rate on the company's profit and loss and future countermeasures

The interest income of the company andits subsidiariesin 20109 and 2011 were RMB 3,913,000 and RMB 6,365,000, mainly due to bank time deposits and demand deposits; and interest expenses are derived from borrowings from bank financing, of which the bank loan interest in 20109 and 2011 was RMB 32,700,000 and RMB 31,096,000 respectively , the interest of bank loans in 110 decreased slightly compared with that in 109, mainly because the average balance of bank loans decreased compared with the previous year.

The Company and its subsidiaries regularly evaluate bank borrowing rates and keep close contact with banks to obtain more favorable borrowing rates and reduce interest costs.

and future

countermeasures

The	's		profit	
	exchange	rate	changes	impact
loss	)	(	2	of
and	3,210,946	100.00%	3,587,606	100.00%

The company and its subsidiaries have appropriately increased the selling price to maintain the gross profit margin, and the foreign currency obtained from the sales has paid for the purchase of imported materials to reduce the impact of exchange rate changes, so the changes will not have a significant impact on the company and its subsidiaries.

The company and its subsidiaries have established clear foreign exchange operation strategies. The company and its subsidiaries follow the principle of balancing the exchange rate changes, and pay attention to the relevant information of exchange rate changes at any time and strictly control the process to fully grasp the situation of foreign exchange changes and reduce exchange rates. Risk positions to reduce the impact of exchange rate changes on the company's profits.

(3) The impact of inflation on the company's profit and loss and future countermeasures

The company's commodity selling price and raw material purchase price are mainly determined by the company's pricing strategy and market supply and demand mechanism, so it has not been affected by inflation in the past two years. In addition, it is expected that there will be no inflation in the industry to which it belongs, so inflation has not had a significant impact on the Company's profit or loss.

(2) Policies, main reasons for profit or loss and future countermeasures for engaging in high-risk, high-leverage investment, capital lending to others, endorsement guarantees and derivatives trading: main reasons for

project	policy	profit or loss	Future countermeasure s
risk investment is	,	high	leverage
investment is	prohibited	, no	without
loan	endorsement	no	and
guaranteed	.	is	-
High	prohibited	no	is

-)Future R&D plan and estimated R&D expenses:

R&	description
R&D plan	□ Robot arm manufacturing application integration system development □ 3D printing + five-axis machining compound machine development □ plate automatic tenoning machine development □ panel furniture processing plant MES system development □ carbon fiber clothcutting machine and □ intelligent return line
reinvested in research and development costs for the	About RMB 58,156,000
estimated time to complete mass production is	one year
be	□ . □ The company's policy support. □ There is no major change in market demand.

(4) The impact of important domestic and foreign policies and legal changes on the

company's financial business and countermeasures:

The operation of the company and its subsidiaries follows the relevant current laws and regulations of domestic and foreign reinvestment countries, and relevant personnel also pay attention to changes in laws and regulations at any time. For the management's reference, the company can immediately grasp and effectively respond to important domestic and foreign policy and legal changes.

(5) The impact of technological changes (including information security risks) and industry changes on the company’s financial business and countermeasures:

The company’s business strategy team led by the general manager regularly observes the latest technological progress and industry changes every week, and Assess the impact on financial business and make timely responses and strategies.

(6) The impact of changes in corporate image on corporate crisis management and countermeasures:

The company adheres to the operating principles of professionalism and integrity, and attaches great importance to corporate image and risk control. There is no major negative corporate image that has caused corporate crisis management.

(7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: It is expected to expand the company's products and market diversification, and further expand into the industries of high-precision metal processing machinery such as automobiles and aerospace. The possible risk is that the expected benefits are not achieved, and the management of subsidiaries will be strengthened to ensure the expected benefits.

(8) Expected benefits, possible risks and countermeasures of plant expansion:

As of the publication date of the annual report, the Company and its subsidiaries have not had any significant expansion of plant.

(9) Risks faced by the concentration of purchases or sales and countermeasures:

The main purchase and sales targets of the Company and its subsidiaries are not excessively concentrated at present.

(10) Directors, supervisors or shareholders holding more than 10% of the shares, the impact, risks and countermeasures of large-scale transfer or replacement of equity on the company:

The company ended the printing date of the annual report in 20109, 20110 and 20111 , the directors and major shareholders have not transferred a large amount of equity.

(11) The impact, risks and countermeasures of the change of management rights on the company: None.

(XII) Litigation and non-litigation events

1. Litigation, non-litigation or administrative disputes that have been determined by the company in the last two years and as of the date of publication of the annual report If the price has a major influence, the facts in dispute, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the lawsuit and the current handling situation should be disclosed: no such situation.
2. The directors, supervisors, managers, major shareholders with a shareholding ratio of more than 10% and affiliated companies, the most recent two years and as of the publication date of the annual report have been judged or are still in the process of litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' equity or securities prices: None.
3. The company's directors, supervisors, general managers and major shareholders with a shareholding ratio of more than 10% have occurred in the last two years and as of the date of publication of the annual report as stipulated in Article 157 of the Securities and Exchange Law and the company's current handling status: none.

(13) Other important risks and countermeasures: None.

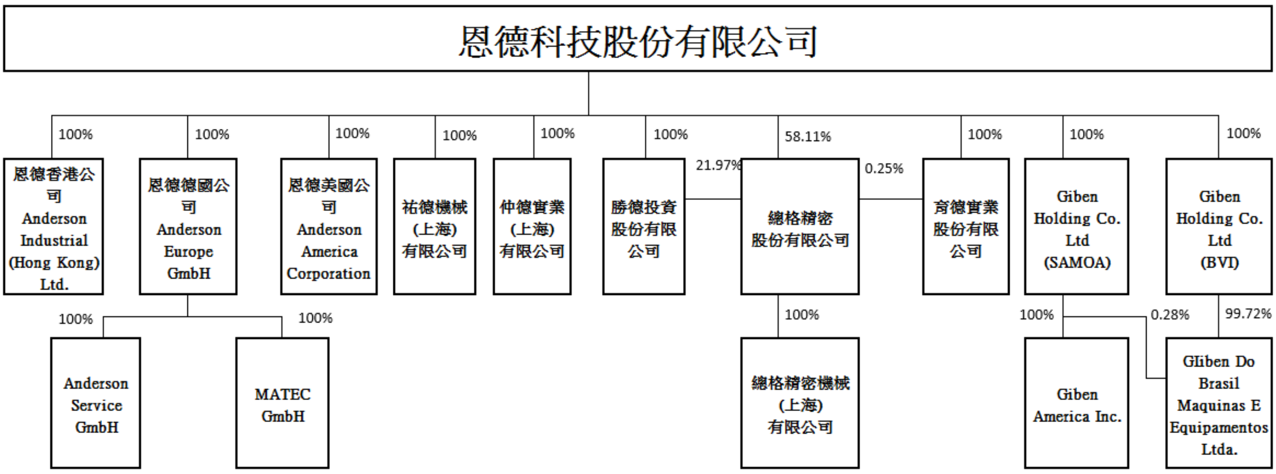
7. Other important matters: none.

8. Special Recorded

Relevant Materials of Affiliated Enterprises

,Business Report

Enterprises



Affiliated

)	of	1	(Capital	Main business or production projects
Ende Hong Kong company Anderson Industrial (Hong Kong) Ltd.	82.5.5	2nd Floor, Caltex House 258, Henessy Road Hong Kong	HK$ 300,000	Trading of confidential machinery and peripheral products
Ende German company Anderson Europe GmbH	82.10 .5	Am Oberen Feld 5 32758 Detmold Germany	EUR 2,525,000	Manufacture and trade of confidential machinery and peripheral products
Anderson America Corporation	83.10.1	10710 Southern Loop Blvd. Charlotte, NC 28134 USA	US$ 500,000	trade of confidential machinery and peripheral products
Zhongde Industrial Shanghai Co., Ltd.	86.3.20	No. 648, Fangta North Road, Songjiang District, Shanghai	US$ 8,000,000	Manufacture and trading of confidential machinery and peripheral products
Youde Machinery (Shanghai) Co., Ltd.	86.9.21	Dongjing Road, Industrial Zone, Songjiang DistrictNo. 328	USD 2,425,000	Manufacture and trading of confidential machinery and peripheral products
Shengde Co., Ltd.	95.11.16	6th Floor, No. 88, Section 6, Zhongshan North Road, Shilin	NT$220,000,000	Import and Export Trade

)	of	1	(Capital	Main business or production projects
		District, Taipei City		
Yude Industrial Co., Ltd.	102.5 .31	5th Floor, No. 88, Section 6, Zhongshan North Road, Shilin District, Taipei City	50,000,000	Retail of Sheet
Metals with	NT	Wholesale	$	andManufacture and trading of peripheral products
General Ge Precision Co., Ltd.	Manufacture	, China-Hong Kong Processing Export Zone, Wuqi District, Taichung City	Caonanli	of electronic machinery and peripheral products
79.10.2Ltd (SAMOA)	103.4.16	Chambers, PO Box 3269, Apia, Samoa	USD 10,000	General investment
Giben Holdings Co. Ltd (BVI)	103.4.15	Palm Grove House, PO BOX 438, Road Town, Tortola, BVI	USD 10,000	General Invest in
Giben America, Inc	81 .4.1	3715 Northside Parkway, suit 350 100 Northcreek ATLANTA GA 30327	USD 487,862	Confidential machinery and peripheral products trade
Giben do Brasil Maquinas e Equipamentos Ltda	62.10.11	RUA PAUL GARFUNKEL, 135 CIDADE INDUSTRIAL CEP 81460-040 CURITIBA PR	9,525, 516 RMB	Manufacture and sale of confidential machinery and peripheral products
MATEC GmbH	106.3.1	Wilhelm-Maier-Straße 3, 73257 Köngen	EUR 25,000	Metal processing machines and metal parts processing
Anderson Service GmbH	109.5.3	Am Oberen Feld 5, 32758 Detmold	EUR 25,000Yuan	on the sales and service

foreign currency to New Taiwan dollar exchange rate

3. Those who are presumed to have control and affiliation according to the company law: none.

4. The industries covered by the business of the overall affiliated company and the related industries in which the businesses of each affiliated

company	name	of the business of other affiliated companies.
machinery manufacturing	Ende Technology Co., Ltd. (Ende Technology)	Precision machinery, electronic machinery and Manufacturing and trading of peripheral products, trading of plates and others.
	Zhongde Industrial Shanghai Co., Ltd. (Zhongde Industrial)	manufactures and trades precision machinery and electronic machinery and equipment.

company	name	of the business of other affiliated companies.
	Youde Machinery (Shanghai) Co., Ltd.	manufactures and trades precision machinery.
	Zongge Precision Co.	manufactures and sells electronic machinery.
	Ende Germany	manufactures and sells precision machinery and metal processing machines for Ende Technology, and purchases machinery and components for Ende Technology.
	Anderson Service GmbH	Machinery maintenance and other related services
	MATEC GmbH	Metal working machines and metal parts processing
	Giben do Brasil Maquinas e Equipamentos Ltda	Manufacture and trading of precision machinery.
International Trade	Ende Hong Kong Company	sells precision machinery and electronic machinery for Ende Technology.
	Yude Industrial Co.	Wholesale and retail of plates of
	Ende America	sells precision machinery for Ende Technology.
	Giben America, Inc	sells precision machinery for Ender Technology and Giben do Brasil Maquinas e Equipamentos Ltda.
	Zongge Precision Machinery (Shanghai) Co., Ltd.	sells electronic machinery for Zongge Company
,	and Shengde Company	is the investment business of Ende Technology.
	Giben Holdings Co. Ltd (SAMOA)	is the investment business of Ende Technology.
	Giben Holdings Co. Ltd (BVI)	is the investment business of Ende Technology.

5. Information of directors, supervisors and general managers of related companies

Base date: March 31, 2011

Name of the company	title	or representative	shares	
			(thousand shares)	Shareholding ratio %
Ende Technology	Chairman	Yunyong Investment Co.Company (legal representative: Liao Wenjia)	20,000	10.03%
	Director	Investment Co., Ltd. (legal representative: Huang Yixian)	20,000	10.03%
	Director	Investment Co., Ltd. Yunyong	20,000	10.03%
	Director	Investment Co., Ltd. (legal representative : Lin Qiquan)	20,000	10.03%
	Independent Director	Wu Qingsong	-	-
	Independent Director	Lai Junliang	-	-
	Independent Director	Liang Yihong	-	-
	General Manager	Li Mingzhe	256	0.13%
Ende Hong Kong Company	Director	(Note 1)	300	100.00%
	Director	Sheng Haitian (Note 1)	300	100.00%
Co.	director	,	100.00	100.00%
	and general manager	Alfred. Koenemann (Note 1)	Ltd. organization, not applicable	%
Ende America	director	(Note 1)	1	100.00%
	general manager	David Steranko	0	0.00%
Zhongde Industrial (Shanghai) Co.	Chairman of	(Note 1)	Ltd., not applicable to	100.00%
	Director	Jumei (Note 1)	Co., Ltd., not applicable to	100.00%
	Director	Rao	Ltd. Organization, not applicable to	100.00%
	general manager	Wu Hongming (Note 1)	Co., Ltd. organization, not applicable to	100.00%
	supervisor	Zhu Yongda (Note 1)	Co., Ltd. organization, not applicable	100.00%

Name of the company	title	or representative	shares	
			(thousand shares)	Shareholding ratio %
Youde Machinery (Shanghai) Co., Ltd.	Chairman	Note1)	Co., Ltd. organization, not applicable to	100.00%
	director	Wu Hongming (Note 1)	Co., Ltd. organization, not applicable to	100.00%
	director	Rao	Ltd. organization, not applicable	100.00%
	General manager	Wu Hongming (Note 1)	Co.,Applicable to	100.00%
	Supervisor	Zhu Yongda (Note 1)	Co., Ltd., not applicable to	100.00%
Shengde Co.	Chairman	Liao Wenjia (Note 1)	22,000	100.00%
	Director	Wu	22,000	100.00%
	Director	Yan1)	22,000	100.00%
	Supervisor	Zhu Yongda (Note 1)	22,000	100.00%
Industrial (Shares) Company	Chairman	Xiubi (Note 1)	5,000	100.00%
	Director	Wu	5,000	100.00
	Director	1)	5,000	100.00%
	Supervisor	Shi Boru (Note 1)	5,000	100.00%
General Ge Precision Co.	Chairman	Liao Wenjia (Note 2)	11,796	58.11%
	Director	Huang Yixian (Note 2)	11,796	58.11%
	Director and General Manager	Hou Jianfu (Note 2)	11,7 100	_
	_	_	_	_
	_	_	_	_
	_	_	_	_
	_	_	_	_
– –	_	_	_	_ %
	Director	)	Ltd., not applicable	100%
	Director	Jumei (Note 6)	Co., Ltd., not applicable	100%
	Supervisor	Rao	Ltd. Organization, not applicable	100%
Giben do Brasil Maquinas e Equipamentos Ltda	General Manager	Andre Huang	Limited Organization, not applicable	100%
Anderson Service GmbH	Director	Alfred. Koenemann (Note 5)	Limited Organization, not applicable	100%
MATEC GmbH	Director	Thomas Kuhn (Note 5)	Limited Organization, not	100%

Name of the company	title	or representative	shares	
			(thousand shares)	Shareholding ratio %
	Director	Shi Bairu (Note 5)	Co., Ltd., not applicable	100%

(Note 1) is the representative of Ende Technology.
(Note 2) He is the representative of Shengde Company.
(Note 3) Zongge Industrial Co., Ltd. was registered and changed its name to Zongge Precision Co., Ltd. on January 9, 2004.
(Note 4) Representative of Giben Holdings Co. Ltd (SAMOA).
(Note 5) Representative of Ende Germany.
(Note 6) He is the representative of Zongge Precision Co., Ltd.

6. Operating overview of each affiliated company

Unit: NT$ Thousand/December 31, 2021

Enterprise Name	Capital	Total Assets Total	Liabilities	Net Value	Operating IncomeIncome	Operating	Profit and Loss for the	Earnings per(Yuan)
Ende Hong Kong Company	1,014	31,734	89	31,645	0	0	0	NA
German company Nordex	98,543	346,162	81,947	264,215	85,379	(5,242)	47	NA
Nordex USA	14,937	342,335	294,126	48,209	491,217	8,558	15,419	NA
Zhongde Shanghai Industrial Co., Ltd.	263,279	410,684	176,177	234,507	77,844	(23,122)	(15,709)	NA
Shanghai Headquarters	26,849	602,657	674,437	(71,990)	478,923	(6,318)	(10,662)	NA
Shengde Co., Ltd.Co., Ltd.	220,000	249,607	46,811	202,796	1,022	(4,049)	(9,354)	(0.04)
Youde Machinery (Shanghai) company	94,571	49,015	13,573	35,442	631	(6,904)	(1,267)	NA
Yuk Tak Industrial Co., Ltd.	50,000	489,938	290,521	199,417	655,102	44,651	33,979	0.68
total grid precision Co., Ltd.	204,000	1,090,159	520,423	569,736	616,002	28,848	3,815	0.02
Giben Holdings Co. Ltd (SAMOA)	146,813	74,355	288	74,067	24,649	12,452	(9,157)	NA
Giben Holdings Co. Ltd (BVI)	422,077	241,240	0	241,240	0	(4,685)	41,773	NA
Giben America, Inc	15,425	121,687	164,758	47,929	41,051	(31,780)	(28,581)	NA
Giben do Brasil Maquinas e Equipamentos Ltda	118,485	176,925	88,263	88,662	290,685	52,985	46,589	NA

MATEC GmbH	816	345,857	199,224	146,633	653,169	(13,600)	(8,626)	NA
Anderson Service GmbH	808	731	0	731	0	(11)	(16)	NA

(ii)affiliates consolidated

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Anderson Industrial Corporation as of and for the year ended December 31, 2021 under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Anderson Industrial Corporation and subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

ANDERSON INDUSTRIAL CORPORATION

By

WEN JIA LIAO
Chairman

March 8, 2022

(3) Relationship Report: None.

2. In the most recent year and as of the publication date of the annual report, the status of privately placed securities: None.

3. In the most recent year and as of the publication date of the annual report, the status of the subsidiary holding or disposing of the company’s stock: none

4. Other necessary supplementary explanations: none.

Nine, matters that have a significant impact on shareholders' equity or securities prices, in the

most recent year and as of the date of publication of the annual report, events that have a significant impact on shareholders' equity or securities prices as specified in Article 36, Paragraph 3, Subparagraph 2, of the Securities Exchange Act: no.