Stock Code: 3015

FSP Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2021 and 2020

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Statement

In 2021 (from January 1 to December 31, 2021), pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 recognized by the Financial Supervisory Commission are the same. Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, the Consolidated Financial Statements of Affiliates will not be prepared.

Sincerely,

Name of Company: FSP Technology Inc.

Chairman: Cheng, Ya-Jen

Date: March 18, 2022

Independent Auditors' Report

To the Board of Directors of FSP Technology Inc.:

Opinions

We have audited the Consolidated Financial Statements of FSP Technology Inc. and its subsidiaries (the “Group”), which comprise the Consolidated Balance Sheets as of December 31, 2021 and 2020, and the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Changes in Equity, the Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including a summary of significant accounting policies) from January 1 to December 31, 2021 and 2020.

In our opinion, based on our audit results and the audit reports prepared by other independent auditors (please refer to Other Matters section), the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the periods from January 1 to December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and interpretations from International Financial Reporting Interpretations Committee (“IFRIC”) and Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS). 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 Certified Public Accountants Code of Professional Ethics in Republic of China (the “Code”), and we have fulfilled other ethical responsibilities in accordance with the Code. Based on our audit results and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the 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 forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, revenue recognition is the key audit matter that should be communicated in the audit report.

Please refer to Note IV(XVI) for the accounting policy of revenue recognition and Note VI((XXII) for the related disclosure of revenue.

Description of key audit matter:

The Sales revenue of the Group is a key indicator for investors and management to evaluate financial or business performance. As a listed company, there is a high inherent risk of misrepresentation for the Group. In addition, the timing of revenue recognition and transfer of control over goods is critical to the presentation of financial statements. Therefore, we have identified revenue recognition as a key audit matter in the audit of the Consolidated Financial Statements.

Audit procedure to address the matter:

We performed the following audit procedure in respect of the above key audit matter:

- Tested the effectiveness of the design and implementation of the internal control mechanism in relation to revenue recognition.
- Conducted trend analysis for the top ten customers, including comparison of customer lists and sales revenue between the current period and the most recent period as well as the same period last year, in order to assess whether there is any significant irregularity, and to identify and analyze the reasons for any material changes.
- Performed random sample checking on the sales transactions of the year to evaluate the authenticity of these transactions, the correctness of the recognized amount of sales revenue and the reasonableness of the timing of recording.
- Reviewed samples of sales transactions for a specified period before and after the end of the year to assess whether the timing of revenue recognition is appropriate.

Other Matters

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors. Our opinion expressed herein, insofar as it relates to the amounts included in the Consolidated Financial Statements relative to these consolidated subsidiaries was based solely on the reports of other independent auditors. Total assets of these consolidated subsidiaries amounted to NT$1,723,959 thousand and NT$1,489,303 thousand, accounting for 8.14% and 8.07% of the total consolidated assets as of December 31, 2021 and 2020, respectively. Total operating revenue of these consolidated subsidiaries amounted to NT$1,605,629 thousand and NT$1,534,865 thousand, representing 9.64% and 10.37% of the total consolidated operating revenue for the years ended December 31, 2021 and 2020.

FSP Technology Inc. has prepared its parent-company-only financial statements for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion with the section of Other Matters in the audit report.

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 conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission, and maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing related matters and adopting 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 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 Misstatements are considered material if misstated individual or aggregate amounts could reasonably be expected to influence the economic decisions of users taken based on 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 perform the following tasks:

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. Assess the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
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 the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the Group's Consolidated Financial Statements for the year ended December 31, 2021. 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 Chang, Chun-I and Chao, Min-Ju.

KPMG
Taipei, Taiwan (Republic of China)
March 18, 2022

Notice to Readers

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

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

FSP Technology Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: NT$ thousands

		2021.12.31		2020.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
11xx	**Current Assets:**				
1100	Cash and cash equivalents (Note VI(I))	$ 2,794,253	13	3,051,117	17
1110	Financial assets at fair value through profit or loss - current (Note VI(II))	516,074	3	565,732	3
1136	Financial assets at amortized cost - current (Note VI(IV))	10,800	-	-	-
1150	Notes receivable, net (Note VI(V) and (XXII))	62,112	-	85,453	-
1170	Accounts receivable, net (Note VI(V) and (XXII))	3,864,730	19	3,606,974	20
1180	Accounts receivable - related parties, net (Notes VI(V) and (XXII), and VII)	801,748	4	616,753	3
1200	Other receivables (Note VI(VI) & VII)	73,406	-	65,054	-
1220	Current income tax assets	5,779	-	5,574	-
130x	Inventories (Note VI(VII))	3,590,546	17	2,655,331	15
1410	Prepayments	77,899	-	70,938	-
1470	Other current assets	34,848	-	23,981	-
	Total current assets	11,832,195	56	10,746,907	58
15xx	**Non-current Assets:**				
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI(III) and (XX))	6,763,138	32	5,273,176	29
1550	Investments Recognized Through the Equity Method (Note VI(IX))	26,947	-	25,319	-
1600	Property, plant and equipment (Notes VI(XI), (XIII), (XIV) and (XV), VIII and IX)	1,544,427	8	1,523,809	9
1755	Right-of-use assets (Notes VI(XII) and (XVI), and VII)	635,433	3	513,420	3
1780	Intangible assets (Note VI(XI) and (XIII))	223,496	1	221,038	1
1840	Deferred income tax assets (Note VI(XIX))	82,240	-	72,381	-
1900	Other non-current assets (Notes VI(XI) and (XVIII), VIII and IX)	69,666	-	72,429	-
	Total non-current assets	9,345,347	44	7,701,572	42
1xxx	**Total assets**	$ 21,177,542	100	18,448,479	100

		2021.12.31		2020.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21xx	**Current Liabilities:**				
2100	Short-term borrowings (Notes VI(XI) and (XIV), and VIII)	$ 16,315	-	32,162	-
2150	Notes payable	14,445	-	15,001	-
2170	Accounts payable	4,986,689	24	4,842,867	27
2180	Accounts payable - related parties (Note VII)	90,024	-	80,004	-
2200	Other payables (Notes VI(XVIII) and (XXIII), and VII)	1,151,339	5	948,782	5
2230	Current income tax liabilities	167,169	1	104,500	1
2250	Provisions for liabilities - current (Note VI(XVII))	146,223	1	157,190	1
2280	Lease liabilities - current (Notes VI(XVI) and VII)	166,758	1	151,461	1
2300	Other current liabilities (Note VI(XV) & (XXII))	92,137	1	67,839	-
2320	Current portion of long-term debt (Notes VI(XI) and (XV), and VIII)	73,014	-	12,559	-
	Total current liabilities	6,904,113	33	6,412,365	35
25xx	**Non-current Liabilities:**				
2540	Long-term borrowings (Notes VI(XI) and (XV), and VIII)	199,334	1	110,684	1
2570	Deferred income tax liabilities (Note VI(XIX))	2,919	-	2,039	-
2580	Lease liabilities - non-current (Notes VI(XVI) and VII)	474,996	2	371,116	2
2640	Net defined benefit liabilities (Note VI(XVIII))	44,234	-	57,218	-
2645	Guarantee deposits received	500	-	503	-
2670	Other non-current liabilities (Note VI(XV))	3,970	-	1,894	-
	Total non-current liabilities	725,953	3	543,454	3
2xxx	**Total liabilities**	7,630,066	36	6,955,819	38
31xx	**Equity Attributable to Owners of the Parent (Note VI(III), (IX), (X), (XVIII), (XIX) & (XX))**				
3100	Capital Stock	1,872,620	9	1,872,620	10
3200	Capital surplus	1,011,016	5	1,011,016	5
3300	Retained earnings:				
3310	Legal reserve	1,033,544	5	940,416	5
3350	Unappropriated earnings	3,209,195	15	2,446,328	13
	Total retained earnings	4,242,739	20	3,386,744	18
34xx	Other Equity:				
3410	Exchange differences on translation of financial statements of foreign operations	(117,703)	(1)	(89,678)	-
3420	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6,200,289	29	5,004,114	27
	Total other equity	6,082,586	28	4,914,436	27
	Total equity attributable to shareholders of the parent	13,208,961	62	11,184,816	60
36xx	**Non-controlling Interests**	338,515	2	307,844	2
3xxx	**Total equity**	13,547,476	64	11,492,660	62
2-3xxx	**Total liabilities and equity**	$ 21,177,542	100	18,448,479	100

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating revenue (Notes VI(XXII) and VII)**	$ 16,650,252	100	14,796,460	100
5000	**Operating costs (Notes VI(VII), (XI), (XII), (XIII), (XVI), (XVII) and (XVIII), VII and XII)**	14,225,200	85	12,730,131	86
5920	Add: Unrealized sales gains (losses)	(847)	-	(2,781)	-
5900	**Gross profit**	2,424,205	15	2,063,548	14
6000	**Operating expenses (Notes VI(V), (VI), (XI), (XII), (XIII), (XVI), (XVIII) and (XXIII), VII and XII):**				
6100	Selling and marketing expenses	620,915	4	531,862	4
6200	General and administrative expenses	676,460	4	609,160	4
6300	Research and development expenses	455,887	3	451,578	3
6450	Expected credit impairment losses (gains)	(966)	-	8,611	-
	Total operating expenses	1,752,296	11	1,601,211	11
6900	**Net operating income**	671,909	4	462,337	3
7000	**Non-operating income and expenses (Notes VI(II), (III), (VIII), (IX), (X), (XVI) and (XXIV), and VII):**				
7100	Interest income	23,348	-	23,883	-
7010	Other income	198,340	1	208,551	1
7020	Other gains and losses	75,065	1	249,554	2
7050	Finance costs	(11,346)	-	(13,330)	-
7060	Share of profits (losses) of associates and joint ventures under equity method	3,284	-	3,049	-
	Total non-operating income and expenses	288,691	2	471,707	3
7900	**Income before income tax from continuing operations**	960,600	6	934,044	6
7950	**Less: Income tax expense (Note VI(XIX))**	159,321	1	241,969	1
8200	**Net Income**	801,279	5	692,075	5
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss (Note VI(XVIII), (XIX) and (XX))**				
8311	Gains (losses) on re-measurements of defined benefit plans	7,076	-	(7,791)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	1,854,340	11	2,088,968	14
8349	Less: Income tax related to items that will not be reclassified subsequently	1,415	-	(1,558)	-
	Total items that will not be reclassified to profit or loss	1,860,001	11	2,082,735	14
8360	**Items that may be reclassified subsequently to profit or loss (Note VI(IX) and (XX))**				
8361	Exchange differences on translation of financial statements of foreign operations	(29,332)	-	24,762	-
8370	Share of other comprehensive income (losses) of associates and joint ventures under equity method	(809)	-	(1,400)	-
8399	Less: Income tax related to items that may be reclassified subsequently	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	(30,141)	-	23,362	-
8300	**Other Comprehensive Income**	1,829,860	11	2,106,097	14
8500	**Total Comprehensive Income**	**$ 2,631,139**	**16**	**2,798,172**	**19**
	Net income (losses) attributable to:				
8610	Shareholders of the parent	$ 754,082	5	669,314	5
8620	Non-controlling Interests	47,197	-	22,761	-
		$ 801,279	**5**	**692,075**	**5**
	Total comprehensive income (losses) attributable to:				
8710	Shareholders of the parent	$ 2,585,931	16	2,784,736	19
8720	Non-controlling Interests	45,208	-	13,436	-
		$ 2,631,139	**16**	**2,798,172**	**19**
	Earnings per share (unit: NT$) (Note VI(XXI))				
9750	Basic earnings per share	**$ 4.03**		**3.55**	
9850	Diluted earnings per share	**$ 3.99**		**3.52**	

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen Managerial Officer: Cheng, Ya-Jen Chief Accounting Officer: Sang, Hsi-Yun

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	Equity Attributable to Owners of the Parent											
			Retained earnings			Other equity items						
	Capital stock - common shares	Capital surplus	Legal reserve	Unappropriated earnings	Total	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Treasury shares	Total equity attributable to shareholders of the parent	Non-controlling Interests	Total Equity
Balance as of January 1 2020	$ 1,922,620	1,131,801	902,027	1,745,698	2,647,725	(116,514)	3,199,064	3,082,550	-	8,784,696	304,971	9,089,667
Appropriation and distribution of earnings:												
Legal reserve	-	-	38,389	(38,389)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(192,262)	(192,262)	-	-	-	-	(192,262)	(10,563)	(202,825)
Changes in other capital surplus:												
Cash dividends appropriated from capital surplus	-	(96,131)	-	-	-	-	-	-	-	(96,131)	-	(96,131)
Net Income	-	-	-	669,314	669,314	-	-	-	-	669,314	22,761	692,075
Other Comprehensive Income	-	-	-	(6,241)	(6,241)	26,836	2,094,827	2,121,663	-	2,115,422	(9,325)	2,106,097
Total Comprehensive Income	-	-	-	663,073	663,073	26,836	2,094,827	2,121,663	-	2,784,736	13,436	2,798,172
Purchase of treasury shares	-	-	-	-	-	-	-	-	(101,003)	(101,003)	-	(101,003)
Retirement of treasury shares	(50,000)	(29,434)	-	(21,569)	(21,569)	-	-	-	101,003	-	-	-
Changes in ownership interests in subsidiaries	-	4,780	-	-	-	-	-	-	-	4,780	-	4,780
Disposal of investment in equity instruments at fair value through other comprehensive income	-	-	-	289,777	289,777	-	(289,777)	(289,777)	-	-	-	-
Balance as of December 31, 2020	1,872,620	1,011,016	940,416	2,446,328	3,386,744	(89,678)	5,004,114	4,914,436	-	11,184,816	307,844	11,492,660
Appropriation and distribution of earnings:												
Legal reserve	-	-	93,128	(93,128)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	(561,786)	(561,786)	-	-	-	-	(561,786)	-	(561,786)
Net Income	-	-	-	754,082	754,082	-	-	-	-	754,082	47,197	801,279
Other Comprehensive Income	-	-	-	5,534	5,534	(28,025)	1,854,340	1,826,315	-	1,831,849	(1,989)	1,829,860
Total Comprehensive Income	-	-	-	759,616	759,616	(28,025)	1,854,340	1,826,315	-	2,585,931	45,208	2,631,139
Distribution of cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(16,901)	(16,901)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,364	2,364
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	658,165	658,165	-	(658,165)	(658,165)	-	-	-	-
Balance as of December 31, 2021	$ 1,872,620	1,011,016	1,033,544	3,209,195	4,242,739	(117,703)	6,200,289	6,082,586	-	13,208,961	338,515	13,547,476

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2021 and 2020

Unit: NT$ thousands

	2021	2020
Cash flows from operating activities:		
Income before income tax	$ 960,600	934,044
Adjustments for:		
Adjustments to reconcile profit or loss		
Depreciation expenses	339,849	316,857
Amortization expenses	4,732	3,891
Expected credit impairment losses (gains)	(966)	8,611
Interest expenses	11,346	13,330
Interest income	(23,348)	(23,883)
Dividend income	(122,933)	(107,452)
Share of profits (losses) of associates and joint ventures under equity method	(3,284)	(3,049)
Loss on disposal of property, plant, and equipment	530	2,495
Gains on disposal of non-current assets held for sale	(72,399)	(326,059)
Unrealized sales gains (losses)	847	2,781
Gains on lease modifications	(97)	(18)
Rent concessions reclassified to revenue	-	(14,763)
Gains on bargain purchase	(2,523)	-
Total adjustments for profit or loss	131,754	(127,259)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	49,658	(174,486)
Notes receivable	23,835	(3,842)
Accounts receivable	(249,685)	146,410
Accounts receivable - related parties	(184,995)	(89,674)
Other receivables	(3,530)	(18,435)
Inventories	(918,687)	(542,332)
Prepayments	(789)	(4,542)
Other current assets	(10,558)	655
Other Non-Current Assets	(3,222)	6,762
Total changes in operating assets	(1,297,973)	(679,484)
Changes in operating liabilities:		
Notes payable	(556)	619
Accounts payable	135,026	312,715
Accounts payable - related parties	10,020	(7,656)
Other payables	185,539	172,211
Provisions for liabilities	(10,967)	11,853
Other current liabilities	16,159	5,183
Net defined benefit liabilities	(6,374)	(8,942)
Other non-current liabilities	3,591	2,994
Total changes in operating liabilities	332,438	488,977
Total changes in operating assets and liabilities	(965,535)	(190,507)
Total adjustments	(833,781)	(317,766)
Cash flows generated by operating activities	126,819	616,278
Interest received	23,320	25,001
Interest paid	(11,335)	(13,690)
Income tax paid	(107,486)	(205,594)
Net cash flows generated from operating activities	31,318	421,995
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(296,047)	(118,419)
Disposal of financial assets at fair value through other comprehensive income	660,425	301,443
Acquisition of financial assets at amortized cost	(10,959)	-
Acquisition of subsidiaries (deducting cash obtained)	3,832	-
Disposal of non-current assets held for sale	87,067	291,414
Acquisition of property, plant, and equipment	(214,977)	(224,212)
Disposal of property, plant and equipment	450	973
Acquisition of intangible assets	(7,190)	(1,513)
Decrease (increase) in refundable deposits	2,464	(13,108)
Increase in prepayments for equipment	(3,475)	(2,153)
Dividends received	122,933	107,452
Increase in restricted deposits	-	(18,821)
Net cash flows from investing activities	344,523	323,056
Cash flows from financing activities:		
Decrease in short-term loans	(15,847)	(73,461)
Proceeds from long-term loans	181,989	108,076
Repayments of long-term loans	(32,884)	(1,923)
Repayment of the principal of lease liabilities	(162,242)	(134,460)
Cash dividends paid	(561,786)	(288,393)
Purchase cost of treasury shares	-	(101,003)
Cash dividends paid to non-controlling interests	(16,901)	(10,563)
Net cash flows used in financing activities	(607,671)	(501,727)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(25,034)	23,864
Net increase (decrease) in cash and cash equivalents	(256,864)	267,188
Cash and cash equivalents at the beginning of the year	3,051,117	2,783,929
Cash and cash equivalents at the end of the year	**$ 2,794,253**	**3,051,117**

(Please see accompanying notes to the Consolidated Financial Statements)

Chairman: Cheng, Ya-Jen **Managerial Officer: Cheng, Ya-Jen** **Chief Accounting Officer: Sang, Hsi-Yun**

FSP Technology Inc. and Subsidiaries

Notes to Consolidated Financial Statements

2021 and 2020

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

I. Company History

FSP Technology Inc. (the "Company") was incorporated on April 15, 1993, and registered under the Ministry of Economic Affairs, R.O.C. The Company is listed on the Taiwan Stock Exchange since October 16, 2002. The Company and its subsidiaries (the "Group") are primarily engaged in the manufacturing, processing and trading of power supplies and various electronic components.

II. Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization

These Consolidated Financial Statements were authorized for issue by the Board of Directors on March 18, 2022.

III. Application of New and Amended Standards and Interpretations

(I) Impact of adoption of new or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

The Group has initially adopted the following new amendments to IFRS since January 1, 2021, and there was no significant impact on its Consolidated Financial Statements.

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Group has adopted the following new amendments, which do not have a significant impact on the Consolidated Financial Statements, since April 1, 2021.

- Amendment to IFRS 16 "COVID-19 Related Rent Concessions beyond 30 June 2021"

(II) The impact of IFRS endorsed by the FSC but not yet adopted by the Group

The Group assesses that the adoption of the following new amendments effective from January 1, 2022 will not have a significant impact on the Consolidated Financial Statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(III) IFRSs issued by the International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but not yet endorsed by the FSC:

New or Amended Standards	Content of Amendment	Effective Date per International Accounting Standards Board
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	When the investor sells or contributes its subsidiary to an associate or a joint venture and the asset sold or contributed constitutes a business, full gain or loss should be recognized on the loss of control of a business. If the asset sold or contributed does not constitute a business, unrealized gains and losses should be calculated according to the shareholding percentage and partial gain or loss should be recognized.	To be determined by International Accounting Standards Board
Amendments to IAS 1 "Classification of liabilities as current or non-current"	The amendments are intended to improve consistency in the application of the standard to assist companies in determining whether debts or other liabilities with uncertain maturity dates should be classified as current (or to be due within one year) or non-current on the balance sheets. The amendments also clarify the classification requirements for debts that companies may settle by conversion into equity.	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	Amendments to IAS 1 mainly include: · Requiring companies to disclose their material accounting policies rather than their significant accounting policies; · Accounting policy information in relation to insignificant transactions, other matters or conditions shall be deemed as immaterial and the Group is not required to disclose such information; and · Not all accounting policy information relating to significant transactions, other matters or conditions is considered material for the financial statements of a company.	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition of accounting estimates, clarifying that accounting estimates are monetary amounts in the financial statements that are subject to the uncertainty of measurement. The amendments also clarify the relationship between accounting policies and accounting estimates by stating that companies are required to establish accounting estimates for the purposes of the accounting policies they apply.	January 1, 2023

The Group is evaluating the impact of the initial adoption of the above-mentioned standards or interpretations on its financial position and operating performance. The results will be disclosed when the Group completes the evaluation.

The Group expects that the following new and amended standards, which have not been endorsed by the FSC, will not have a significant impact on the Consolidated Financial Statements.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted in the Consolidated Financial Statements are summarized as follows. The following accounting policies have been applied consistently to all periods presented in the Consolidated Financial Statements.

(I) Compliance declaration

The Group's accompanying Consolidated Financial Statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and interpretations from International Financial Reporting Interpretations Committee (“IFRIC”) and Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (collectively as “IFRSs”).

(II) Preparation basis

1. Measurement basis

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following items:

(1) Financial assets measured at fair value through profit or loss;

(2) Financial assets measured at fair value through other comprehensive income;

(3) Defined benefit liability (assets), which are measured based on pension fund assets plus unrecognized service costs in the previous period and unrecognized actuarial losses, less unrecognized actuarial gains, the present value of defined benefit obligations and effect of the asset ceiling as mentioned in Note IV(XVIII).

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The Consolidated Financial Statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(III) Basis of consolidation

1. Principles of preparation of the Consolidated Financial Statements

The entities in the Consolidated Financial Statements include the Company and its subsidiaries.

The financial statements of the subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Profit or loss attributable to the non-controlling interests of the subsidiaries is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, as well as any carrying amount of non-controlling interests at the date of loss of control. In addition, the Group recognizes the fair value of the retained investment in the former subsidiary at the date of loss of control, and also recognizes the resulting difference in profit or loss as income or loss attributable to the Company.

All inter-company transactions, balances and resulting unrealized income and loss are eliminated on consolidation.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. Subsidiaries included in the Consolidated Financial Statements

Subsidiaries included in the Consolidated Financial Statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2021.12.31	Percentage of Ownership 2020.12.31	Description
The Company	FSP International Inc. (BVI)	Investment holdings	100.00%	100.00%	
〃	FSP Group Inc.	Engaged in safety certification	100.00%	100.00%	
〃	Amacrox Technology Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	
〃	3Y Power Technology (TAIWAN) Inc. ("3Y Power")	Trading and manufacturing of power supplies and related electronic products	65.87%	65.87%	
〃	Harmony Trading (HK) Ltd.	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	FSP Technology USA Inc.	Business development and product technical service	100.00%	100.00%	
〃	FSP Turkey Dis Tic. Ltd. Sti.("FSP Turkey")	Business development and product technical service	91.41%	- %	Note 3
FSP International Inc. (BVI)	Shenzhen Huili Electronic Co., Ltd. ("Huili")	Manufacturing of power supplies and related electronic products	100.00%	100.00%	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership		Description
			2021.12.31	2020.12.31	
〃	FSP Technology Inc. (BVI)	Investment holdings	100.00%	100.00%	
〃	Proteck Electronics (Samoa) Corp.	Investment holdings	100.00%	100.00%	
〃	Power Electronics Co., Ltd. (BVI)	Investment holdings	100.00%	100.00%	
〃	Famous Holding Ltd.	Investment holdings	100.00%	100.00%	
〃	FSP International (HK) Ltd.	Investment holdings	100.00%	100.00%	
FSP Technology Inc. (BVI)	FSP-C R&D Center (“FSP Jiangsu”)	Research & development and design of various energy saving technology	100.00%	100.00%	
Protek Electronics (Samoa) Corp.	Protek Electronics (China) Corp. (“Protek Dongguan”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Power Electronics Co., Ltd. (BVI)	Zhonghan Electronics (Shenzhen) Co., Ltd. (“Zhonghan”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	
Famous Holding Ltd.	WUXI SPI Technology Co., Ltd. (“WUXI SPI”)	Manufacturing of power supplies and related electronic products	100.00%	100.00%	Note 2
〃	WUXI Zhonghan Technology Co., Ltd. (“WUXI Zhonghan”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	
FSP International (HK) Ltd.	Hao Han Electronic Technology (Jian) Co., Ltd. (“Hao Han”)	Trading and manufacturing of electronic components	100.00%	100.00%	
WUXI Zhonghan	Shenzhen Zhonghan Technology Co., Ltd. (“Zhonghan Tech.”)	Trading and manufacturing of power supplies and related electronic products	100.00%	100.00%	
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Proteck Power North America, Inc.	Trading of power supplies and related electronic products	100.00%	100.00%	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Name of Investor	Name of Subsidiary	Main Business Activities	Percentage of Ownership 2021.12.31	Percentage of Ownership 2020.12.31	Description
3Y Power	3Y Power Technology (USA) Inc.("3Y Power USA")	Trading of power supplies and related electronic products	100.00%	100.00%	
〃	Luckyield Co., Ltd.	Investment holdings	100.00%	100.00%	
Luckyield Co., Ltd.	WUXI 3Y Technology Co., Ltd. ("WUXI 3Y")	Design, manufacturing and trading of power supplies	100.00%	100.00%	Note 1

Note 1. The Company invested in WUXI 3Y through Luckyield Co., Ltd., and the shareholding percentage as of December 31, 2021 and 2020 was 65.87%.

Note 2. Famous Holding Ltd. invested additional capital of RMB25,000 thousand and RMB10,405 thousand in WUXI SPI in June 2020 and November 2020, respectively.

Note 3. The Company acquired a 91.41% stake in FSP Turkey for NT$22,640 thousand (US$800 thousand) on May 31, 2021 and it became a subsidiary of the Company since then.

3. Subsidiaries which are not included in the Consolidated Financial Statements: None.

(IV) Foreign currencies

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period ("the reporting date"), monetary items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency based on the exchange rates at the date when the fair value is determined, whereas non-monetary items denominated in foreign currencies measured at historical costs are translated using the exchange rates at the dates of the transactions. The resulting exchange differences are generally recognized in profit or loss, except for the equity instruments designated to be measured at fair value through other comprehensive income, whose exchange differences are recognized in other comprehensive income.

2. Foreign operations

The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rates for the period and the resulting exchange differences are recognized in other comprehensive income.

(V) Classification criteria for current and non-current assets and liabilities

Assets are classified as current assets when one of the following criteria is met, and all other assets are classified as non-current assets:

1. Assets that are expected to be realized, or intended to be sold or consumed within the normal operating cycle.

2. Assets held mainly for trading purpose.
3. Assets that are expected to be realized within twelve months after the balance sheet date.
4. Cash or cash equivalents, excluding restricted cash or cash equivalents that are reserved for exchange, debt repayment or under other restrictions for more than twelve months after the balance sheet date.

Liabilities are classified as current liabilities when one of the following criteria is met, and all other liabilities are classified as non-current liabilities:

1. Liabilities that are expected to be settled within the normal operating cycle.
2. Assets held mainly for trading purpose.
3. Liabilities that are expected to be settled upon maturity within twelve months after the balance sheet date.
4. The Group is unable to extend the repayment date unconditionally for at least twelve months after the balance sheet date.

(VI) Cash and cash equivalents

Cash consists of cash on hand, checking account deposits and saving account deposits. Cash equivalents refer to short-term and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value. Time deposits that meet the criteria and are held for the purpose of fulfilling short-term cash commitment rather than other purposes are classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the Consolidated Statements of Cash Flows.

(VII) Financial instruments

Accounts receivables are initially recognized when they are incurred. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. Financial assets (excluding accounts receivable without a significant financing component) and financial liabilities that are not measured at fair value through profit or loss, are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of these financial assets or financial liabilities. Accounts receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

   The Group applies trade date accounting to all regular way purchases or sales of financial assets that are classified in the same way.

   At initial recognition, financial assets are classified into the following categories: Financial assets at amortized cost, investments in equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss. When the Group changes its business model for managing financial assets, all affected financial assets are reclassified on the first day of the next reporting period.

(1) Financial assets at amortized cost

Financial assets are measured at amortized cost if all of the following conditions are met and the financial assets are not designated as measured at fair value through profit or loss:

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

These assets are subsequently measured at amortized cost, using initial recognized amount plus or minus cumulative amortization calculated by adopting the effective interest method and taking into account the adjustment of allowance for impairment loss as well. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets at fair value through other comprehensive income

At initial recognition of investments in equity instruments that are not held for trading, the Group may make an irrevocable election to present subsequent changes in fair value of the investments in other comprehensive income. This election is made on an instrument-by-instrument basis.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized in profit or loss unless the dividend clearly represents the recovery of part of the investment cost. Other net gains or losses are recognized in other comprehensive income and will not be reclassified to profit or loss.

Dividend income from equity investments is recognized on the date that the Group is eligible to receive the dividends (usually the ex-dividend date).

(3) Financial assets at fair value through profit or loss

Financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. At initial recognition, the Group may irrevocably designate a financial asset, which meets the criteria to be measured at amortized cost or at fair value through other comprehensive income, to the category measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including related dividend and interest income, are recognized in profit or loss.

(4) Impairment of financial assets

The Group recognizes loss allowance for expected credit loss on financial assets at amortized cost, including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and refundable deposits.

The Group measures loss allowance for notes and accounts receivable at the amount equal to lifetime expected credit loss. Taking into account reasonable and supportable information available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, credit assessment, as well as forward-looking information, the Group measures the impairment of financial assets at amortized cost according to 12-month expected credit loss when the credit risk of the financial assets has not increased significantly since initial recognition. If there has been a significant increase in credit risk since initial recognition, the impairment is measured based on lifetime expected credit loss.

Lifetime expected credit loss refers to the expected credit loss resulting from all possible default events over the expected life of the financial instrument.

12-Month expected credit loss refers to the expected credit loss resulting from default events of the financial instrument that are likely to occur within the 12 months after the reporting date (or a shorter period if the expected life of the financial instrument is less than 12 months).

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of credit loss over the expected life of financial instruments. Credit loss is measured at the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contracts and the cash flows that the Group expects to receive). Expected credit loss is discounted at the effective interest rate of the financial assets.

Loss allowance for financial assets at amortized cost is deducted from the carrying amount of the assets. The amount of provision or reversal of loss allowance is recognized in profit or loss.

The carrying amount of the financial assets is written off when the Group has no reasonable expectation of recovering the entire or part of the financial assets. The Group individually makes the assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects there will be no significant reversal on the write-off amount. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedure for collecting overdue amount.

(5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the Group transfers the financial asset in which almost all of the risks and returns associated with the ownership of the financial asset are transferred to other companies or in which the Group neither transfers nor retains nearly all of the risks and returns of ownership and it does not hold control on the financial asset.

When the Group enters into transactions of financial asset transfer, if all or almost all of the risks and returns associated with the ownership of the transferred asset is retained, the transferred asset continues to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the amount of consideration received, less the direct issuing cost.

(2) Treasury shares

When the Group buys back its shares recognized as equity, the amount of consideration paid, including directly attributable costs, is recognized as a deduction from equity. Shares bought back are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to offset).

When the treasury shares are retired, the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the shareholding. The carrying value of treasury shares in excess of the sum of the par value and premium on stock should first be offset against capital surplus from the same class of treasury share transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury shares in excess of the carrying value should be credited to capital surplus from the same class of treasury share transactions.

(3) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss.

(4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Group also derecognizes a financial liability when its terms are amended and the cash flows of the amended liability are substantially different, in which case a new financial liability based on the amended terms is recognized at fair value.

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

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis only when the Group has the legally enforceable right to offset and intends to settle on a net basis or to liquidate asset for settling the liabilities simultaneously.

(VIII) Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition ready for sale. The variable manufacturing expenses are allocated based on the actual production volume. Fixed manufacturing expenses are allocated to finished goods and work in process based on the normal capacity of the production equipment. Unallocated fixed manufacturing expenses resulting from lower production capacity or idle equipment shall be recognized as cost of goods sold in the period in which they are incurred. If actual production volume is higher than the normal production capacity, the difference is recognized as a reduction of cost of goods sold. The monthly weighted-average method is adopted for the calculation of the costs.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is recognized in cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold for the period.

(IX) Non-current assets held for sale

When the Board of Directors resolves to sell part of the property, plant and equipment and right-of-use assets, the Group begins to apply the accounting policies related to non-current assets held for sale.

Non-current assets that are highly probable to be recovered primarily through a sale transaction, rather than through continuing use, are classified as non-current assets held for sale. Before the initial classification of the non-current assets held for sale, the carrying amount of the assets is measured in accordance with the Group's applicable accounting policies. Afterwards, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses for assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Nevertheless, the reversal gains are not recognized in excess of any cumulative impairment loss.

Property, plant and equipment, and right-of-use assets are no longer amortized or depreciated when they are classified as held for sale.

(X) Investments in associates

An associate is an entity in which the Group has significant influence, but not control over their financial and operating policies. The Group is deemed to have significant influence when it holds 20% to 50% of the voting rights of the investee company.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are recognized initially at cost. Subsequent adjustments are based on the changes in the Group's share of net assets. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors’ interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing of a part of interest in the associate, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss or retained earnings on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss or retained earnings when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to the reduction in ownership interest to profit or loss or retained earnings.

(XI) Property, Plant, and Equipment

1. Recognition and measurement

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

   If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

   Any gains or losses on disposal of property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

   Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

   Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss using the straight-line method over the estimated useful lives of each component of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Housing and Construction	1~50 years
Buildings and Building Improvements	5~15 years
Machinery	1~24 years
Transportation Equipment	4~19 years
Other Equipment	1~26 years
Leasehold Improvements	3~11 years

The Group reviews depreciation methods, useful lives and residual values on each reporting date and makes appropriate adjustments when necessary.

(XII) Leases - Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Group periodically assesses whether the right-of-use asset is impaired and recognizes any impairment loss that has occurred. The right-of-use asset is adjusted when the remeasurement of the lease liabilities takes place.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date. If the interest rate implied by the lease is easy to determine, it would be used as the discount rate. If the implied interest rate is not easy to determine, the Group's incremental borrowing rate is applied. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1. Fixed payments, including in-substance fixed payments;
2. Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
3. Amounts expected to be payable under residual value guarantees; and
4. The exercise price of a purchase option or payments of penalties for exercising the option to terminate the lease, if the lessee is reasonably certain to exercise that option.

The interests of lease liabilities are subsequently calculated using the effective interest method and lease liabilities are remeasured when:

1. There is a change in future lease payments arising from the change in an index or rate;
2. There is a change in the estimate of the amount expected to be payable under a residual value guarantee;
3. There is a change in the assessment on the purchase option of the underlying asset;
4. There is a change in the lease term assessment resulting from a change in the estimate regarding whether the extension or termination option will be exercised;
5. There is any modification in lease subject, scope of the lease or other clauses.

When the lease liability is remeasured under the above-mentioned circumstances other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss.

When the lease liability is remeasured due to lease modification that decreases the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes the difference between the carrying amount of the right-of-use asset and the remeasurement amount of lease liability in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the Consolidated Balance Sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for certain short-term leases of buildings and construction, machinery and equipment, and transportation equipment leases and for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group applies the practical expedient to the rent concessions that meet all of the following criteria without assessing if they are lease modification.

1. Rent concession is a direct consequence of the COVID-19 pandemic;
2. As a result of the change in lease payments, revised consideration for the lease is almost the same as, or less than, the consideration for the lease prior to the change;
3. Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
4. There is no change in substance to the other terms and conditions of the lease.

With the application of practical expedient, the amount of changes in lease payments arising from rent concessions is recognized in profit or loss for the reporting period.

(XIII) Intangible assets

1. Recognition and measurement

Goodwill of the Group occurred in the business combination prior to the date of IFRS adoption. Upon conversion to IFRS endorsed by the FSC, the Group elected to restate only those business combinations that occurred after January 1, 2012 (inclusive). For acquisitions made before January 1, 2012, the amount of goodwill was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009, and Accounting Standards and related interpretations (hereinafter referred to as "previously generally accepted accounting principles") issued by the Accounting Research and Development Foundation of the Republic of China.

Group's other separately acquired intangible assets with finite useful lives, including software and patents, are carried at cost less accumulated amortization and accumulated impairment losses.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are recognized in profit or loss as incurred, including internally developed goodwill and brands.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of the asset less the estimated residual value, and is recognized in profit or loss using the straight-line method over the estimated useful life of the intangible asset when it becomes available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software cost	1~5 years
Patent	91 months

The Group reviews the amortization method, useful life and residual value of the intangible assets on each reporting date and makes appropriate adjustments when necessary.

(XIV) Impairment of non-financial assets

The Group assesses on each reporting date whether there is any indication that the carrying amount of non-financial assets (excluding inventories, deferred income tax assets, employee benefit related assets) may be impaired. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill is tested for impairment on an annual basis.

For the purpose of impairment testing, assets are divided into the smallest group of identifiable assets that generates cash inflows largely independent of the cash inflows from other individual asset or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(XV) Provisions for liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for maintenance is recognized when the underlying products or services are sold. The provision is estimated based on historical maintenance rates and maintenance cost per unit.

(XVI) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of goods or services to a customer. Transfer of control of the product occurs when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to the specific location, the risks of obsolescence and loss are transferred to the customer, and either the customer accepts the products according to the sales contract with the acceptance provisions being invalid or the Group has objective evidence that all criteria for acceptance have been satisfied.

(XVII) Government grant

When the Group can receive the government grant relating to the operating activities, such grant with no conditions attached is recognized as non-operating income. The Group recognizes the grant relating to assets as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. The above deferred income is recognized as non-operating income over the estimated useful lives of the related assets on a systematic basis. If the government grant is used to compensate the Group's expenses or losses, such government grant is recognized in profit or loss over the period necessary to match it with the related expenses, for which it is intended to compensate, on a systematic basis.

(XVIII) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the period in which employees render services.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation result may be beneficial to the Group, the recognized assets shall be limited to the present value of any economic benefits available in the form of refunding the contribution from the plan or reducing the future contribution to the plan. When calculating the present value of economic benefits, the minimum contribution requirements are considered.

The remeasurements of the net defined benefit liability comprise actuarial gains and losses, return on plan assets (excluding interest), and any changes in the effect of the asset ceiling (excluding interest). The remeasurements of the net defined benefit liability are recognized in other comprehensive income and reflected in retained earnings. The net interest expense (income) of the net defined benefit liabilities (assets) is calculated based on the net defined benefit liabilities (assets) and the discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the amount of changes in benefits related to the past service costs or reduced benefits or losses is recognized in profit or loss. When the settlement occurs, the Group shall recognize the settlement gain or loss of the defined benefit plan.

3. Short-term employee benefits

Short-term employee benefit obligations are expensed during the period in which employees render services. If the Group has a present legal or constructive obligation to make such payments as a result of past service provided by the employees and the obligation can be estimated reliably, the amount of payments is recognized as a liability.

(XIX) Income Tax

Income taxes comprise current taxes and deferred income taxes. Current and deferred income taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current income taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received based on tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income taxes are not recognized for the following temporary differences:

1. Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
2. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred income taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset when the following criteria are met:

1. The Group has a legally enforceable right to set off current income tax assets against current income tax liabilities; and
2. The deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:
   (1) The same taxable entity; or
   (2) Different taxable entities which intend to settle current income tax assets and income tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered or significant amounts of deferred income tax liabilities are expected to be settled.

(XX) Business combinations

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of the acquisition-date fair value of consideration transferred, including the amount of non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the amount calculated above is a deficit balance, the Group recognizes that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

On an transaction-by-transaction basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

(XXI) Earnings per Share

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the Consolidated Financial Statements. Basic EPS of the Group is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Group's dilutive potential common shares include estimates of employee compensation.

(XXII) Segment Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's key operation decision maker, who determine the allocation of resources to the segment and assesses its performance.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the Consolidated Financial Statements in conformity with IFRS endorsed by the Financial Supervisory Commission requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from the estimates.

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 and in the future periods affected.

The Consolidated Financial Statements involve material judgment as to whether the Group has substantive control over the investee, FSP Group USA Corp. and it has a material impact on the amounts recognized in the Consolidated Financial Statements. The related information is as follows:

The Group holds 45% of the shares of FSP Group USA Corp., and the remaining 55% of the shares are held by the other three shareholders. In the past years, these three shareholders attended each shareholders’ meeting and hence the Group did not have more than half of the voting rights. These three shareholders may jointly exercise the right of consent at the shareholders’ meeting due to the same position. In addition, the Group did not assume the position of director, so it was determined that the Group only has significant influence over FSP Group USA Corp.

In the Consolidated Financial Statements, there is no accounting policy that involves significant estimates and assumptions, and the information on accounting policies does not have a material impact on the amounts recognized in the Consolidated Financial Statements.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2021.12.31	2020.12.31
Cash on hand	$	10,346	7,111
Cash equivalents			
Money market funds		21,651	21,763
Repurchase agreements		-	114,435
Deposits in saving accounts and checking accounts		1,772,124	1,368,659
Time deposits		990,132	1,539,149
	$	**2,794,253**	**3,051,117**

Please refer to Note VI(XXV) for the disclosure of interest rate risk of the Group's financial assets and liabilities.

(II) Financial assets at fair value through profit or loss

		2021.12.31	2020.12.31
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
Beneficiary certificates	$	232,758	210,388
Private equity funds		12,000	-
Foreign unlisted stocks		71,632	67,232
Structured deposits		199,684	288,112
Total	**$**	**516,074**	**565,732**

As of December 31, 2021 and 2020, the Group held structured deposits and expected yields ranged from 1.40% to 3.30% with maturity from January 2022 to March 2022, and 1.65% to 4.25% with maturity from January 2021 to February 2021, respectively.

The Group recognized dividend income of NT$420 thousand and NT$0 in 2021 and 2020 respectively from the above financial assets at fair value through profit or loss.

Please refer to Note VI(XXIV) for the amounts recognized in profit or loss arising from remeasurement at fair value.

Please refer to Note VI(XXV) for the information of market risk.

(III) Financial assets at fair value through other comprehensive income

	2021.12.31	2020.12.31
Equity instruments at fair value through other comprehensive income		
Domestic listed stock - Voltronic Power Technology Corp.	$ 6,213,715	5,040,921
Domestic listed stock - JESS-LINK Products Co., Ltd.	351,144	109,200
Domestic listed stock - WT Microelectronics Co., Ltd.	48,950	48,550
Domestic listed stock - Taiwan Cement Corp.	2,400	-
Domestic listed stock - Taiwan Semiconductor Manufacturing Co., Ltd.	6,150	-
Foreign listed stocks	18,118	19,344
Foreign unlisted stocks	26,494	26,494
Domestic unlisted stocks	96,167	28,667
Total	**$ 6,763,138**	**5,273,176**

1. Investments in equity instruments at fair value through other comprehensive income

   The Group holds these investments in equity instruments as long-term strategic investments and are not held for trading purposes, so these investments have been designated to be measured at fair value through other comprehensive income.

   The Group recognized dividend income of NT$122,513 thousand and NT$107,452 thousand in 2021 and 2020 respectively from the above investments in equity instruments designated as measured at fair value through other comprehensive income.

   In order to meet the needs of funding plan, the Group divested the shares of Voltronic Power Technology Corp. designated at fair value through other comprehensive income in 2021 and 2020 and the fair value at the time of disposal was NT$660,425 thousand and NT$216,963 thousand with disposal gains of NT$658,165 thousand and NT$215,901 thousand, respectively. The Group also divested the shares of FSP-Powerland Technology Inc. in July 2020 and the fair value at the time of disposal was NT$84,480 thousand with disposal gains of NT$73,876 thousand.

2. Please refer to Note VI(XXV) for the information of market risk.

(IV) Financial assets at amortized cost

	2021.12.31	2020.12.31
Corporate bond - Novaland Group (NVL)	$ 10,800	-
Less: Allowance for impairment loss	-	-
Total	**$ 10,800**	**-**

The Group assesses that the asset is held to maturity to receive contractual cash flows. The asset is classified as financial assets at amortized cost because the cash flows from the financial asset are solely the payment of principal and interest on the outstanding principal amount.

1. In June 2021, the Group purchased the corporate bond of Novaland Group (NVL) due in 18 months at a face value of NT$10,959 thousand with a coupon rate of 10.00%.
2. Please refer to Note VI(XXV) for the information of credit risk.

(V) Notes receivable and accounts receivable

	2021.12.31	2020.12.31
Notes receivable	$ 62,112	85,453
Accounts receivable	3,904,501	3,649,003
Accounts receivable - related parties	801,748	616,753
Less: Allowance for impairment loss	(39,771)	(42,029)
	$ 4,728,590	4,309,180

Group's notes receivable and accounts receivable were not discounted or provided as collaterals.

The Group applies the simplified approach to estimate expected credit loss for all notes receivable and accounts receivable, i.e. the use of lifetime expected credit loss for all receivables. For the measurement purpose, notes receivable and accounts receivable are grouped according to common credit risk characteristics that represent the customer's ability to pay all amounts due under the terms of the contract. Forward-looking information, including macro economy and related industry information, is taken into consideration as well.

Analysis of expected credit loss on notes receivable and accounts receivable of the Group's operating entity in Taiwan was as follows:

	2021.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$ 3,511,925	0~0.35	10,532
Past due within 30 days	109,271	14.41	15,748
Past due 31-60 days	2,464	40.57	1,000
Past due 61-90 days	2,717	72.80	1,978
Past due 91-120 days	78	82.48	64
Past due over 121 days	2,412	100.00	2,412
	$ 3,628,867		31,734

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$5,361 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$1,072 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

	2020.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 3,135,248	0~0.20	5,385
Past due within 30 days	18,100	12.38	2,241
Past due 31-60 days	6,053	37.90	2,294
Past due 61-90 days	4,068	73.31	2,982
Past due 91-120 days	823	82.27	677
Past due over 121 days	12,272	100.00	12,272
	$ 3,176,564		**25,851**

The carrying amount of the above notes and accounts receivable did not include the account receivable due from a specific customer, amounting to NT$19,793 thousand. Due to poor recovery of the account receivable due from this customer, the Group has specifically recorded an allowance for loss of NT$3,959 thousand for this uncollected payment, net of insurance claims, and therefore the amount was excluded from the above calculation of allowance for expected credit loss.

The analysis of the expected credit loss on notes receivable and accounts receivable for the Group's operating entities in Mainland China is provided below:

	2021.12.31		
	Carrying amount of notes receivable and accounts receivable	**Weighted-average expected credit loss rate (%)**	**Allowance for expected credit loss**
Not Past Due	$ 939,699	0.04	366
Past due within 30 days	21,821	0.04	8
Past due 31-60 days	5,407	0.04	2
Past due 61-90 days	2,497	0.04	1
Past due 91-120 days	-	0.04	-
Past due over 121 days	13	0.04	-
	$ 969,437		**377**

	2020.12.31			
	Carrying amount of notes receivable and accounts receivable		Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$	997,880	0.58	5,759
Past due within 30 days		39,604	0.58	229
Past due 31-60 days		21,725	0.58	125
Past due 61-90 days		1,756	0.58	10
Past due 91-120 days		-	0.58	-
Past due over 121 days		6,542	0.58	38
	$	**1,067,507**		**6,161**

The analysis of the expected credit loss on notes receivable and accounts receivable for other operating entities of the Group is provided below:

	2021.12.31			
	Carrying amount of notes receivable and accounts receivable		Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$	139,257	-	-
Past due within 30 days		17,666	-	-
Past due 31-60 days		1,185	-	-
	$	**158,108**		**-**

The carrying amount of the above notes and accounts receivable did not include the accounts receivable due from certain customers, amounting to NT$6,588 thousand. As the accounts receivable due from these customers were unlikely to recover, the Group has recognized allowance for full losses, and therefore they were excluded from the above calculation of allowance for expected credit loss.

	2020.12.31		
	Carrying amount of notes receivable and accounts receivable	Weighted-average expected credit loss rate (%)	Allowance for expected credit loss
Not Past Due	$ 63,485	-	-
Past due within 30 days	11,455	-	-
Past due 31-60 days	5,809	-	-
Past due 61-90 days	538	-	-
	$ 81,287		-

The carrying amount of the above notes and accounts receivable did not include part of account receivable due from a specific customer, amounting to NT$6,058 thousand. As the accounts receivable due from these customers were unlikely to recover, the Group has recognized allowance for full losses, and therefore they were excluded from the above calculation of allowance for expected credit loss.

Changes in the allowance for notes receivable and accounts receivable were as follows:

	2021	2020
Beginning balance	$ 42,029	37,515
Acquired through business combination	1,073	-
Impairment losses recognized	3,828	8,611
Write-off	(6,613)	(3,953)
Effect of exchange rate changes	(546)	(144)
Ending balance	$ 39,771	42,029

(VI) Other receivables

	2021.12.31	2020.12.31
Other receivables	$ 73,866	70,402
Less: Loss allowances	(460)	(5,348)
	$ 73,406	65,054

Changes in loss allowance for other receivables:

	2021	2020
Beginning balance	$ 5,348	5,629
Reversal of impairment loss	(4,794)	-
Effect of exchange rate changes	(94)	(281)
Ending balance	$ 460	5,348

(VII) Inventories

	2021.12.31	2020.12.31
Finished goods	$ 1,844,900	1,465,495
Work in process	712,743	582,371
Raw materials	1,032,903	607,465
	$ 3,590,546	**2,655,331**

Breakdown of cost of goods sold:

	2021	2020
Inventories sold	$ 14,070,012	12,689,669
Inventory valuation loss (reversal gain)	9,910	(21,110)
Loss (gain) on inventory counts	171	(2)
Unallocated manufacturing expense	87,495	12,515
Loss on inventory obsolescence	57,613	49,312
Income from sales of scraps	(1)	(253)
	$ 14,225,200	**12,730,131**

As of December 31, 2021 and 2020, the Group did not pledge any inventories as collateral.

(VIII) Non-current assets held for sale

In line with the land acquisition reserve plan of Wuxi Xinwu District Land Reserve Center, on June 28, 2019, the Board of Directors of the Group resolved to sell the right-of-use assets - land, buildings and construction of its subsidiary, WUXI Zhonghan. In August 2019, the Group entered into a sale contract with Wuxi Xinwu District Land Reserve Center for NT$421,714 thousand for the above-mentioned right-of-use, buildings and construction. In accordance with the contract, the first installment of NT$130,300 thousand was received in September 2019, and the second installment of NT$161,114 thousand was received in June 2020. The transfer registration was completed and disposal gain of NT$326,059 thousand was recognized. The final payment of NT$130,300 thousand has been received in November 2020.

To cooperate with the Jian National High-tech Industrial Development Zone Management Committee of Jian County in Jiangxi Province for its Land Acquisition and Reserve plan, the Group's Board of Directors resolved on August 7, 2021 to sell the right-of-use assets - land, buildings and construction of its subsidiary, Hao Han. In August 2021, the Group signed a sales contract with Asap Electronics (Jiangxi) Co., Ltd., and the disposal amount of above-mentioned right-of-use, buildings and construction was NT$87,067 thousand. In accordance with the contract, the first installment of NT$34,827 thousand was received in August 2021. The transfer registration was completed in December 2021 and disposal gain of NT$72,399 thousand was recognized. The final payment of NT$52,240 thousand was also received in December 2021.

(IX) Investments Accounted for Using the Equity Method

A summary of the Group's investments accounted for using the equity method at the reporting date is provided below:

	2021.12.31	2020.12.31
Associate	$ 26,947	25,319

1. Associate

Aggregated financial information on associates that were accounted for using the equity method and were not individually material to the Group is summarized below. These financial information was included in the amount of the Consolidated Financial Statements.

	2021.12.31	2020.12.31
The carrying amount of investments in associates that were not individually material to the Group at the end of the period	$ 26,947	25,319

	2021	2020
Attributable to the Group:		
Income from Continuing Operations	$ 3,284	3,049
Other comprehensive income	(809)	(1,400)
Total comprehensive income	$ 2,475	1,649

2. Collateral

As of December 31, 2021 and 2020, the Group did not pledge any investments accounted for under the equity method as collateral.

(X) Acquisition of subsidiaries and non-controlling interests

In order to expand the business in Turkey, the Group acquired 91.41% of the shares of FSP Turkey for NT$22,640 thousand (US$800 thousand) on May 31, 2021, and gained control over the company.

For the seven-month period from the acquisition date to December 31, 2021, the revenue and net profit contributed by FSP Turkey amounted to NT$49,700 thousand and NT$4,951 thousand, respectively. If the acquisition had occurred on January 1, 2021, management estimates that the Group's revenue in 2021 would have reached NT$16,694,312 thousand with a net income of NT$802,525 thousand. When estimating these amounts, management has assumed that the fair value adjustments on the date of acquisition had been the same and the acquisition had occurred on January 1, 2021.

The fair values of the major categories of consideration transferred at the date of acquisition were as follows:

Cash	$ 22,640

As of May 31, 2021, the fair value of identifiable assets and liabilities was as follows:

Cash and cash equivalents	$	26,472
Net notes receivable		494
Net accounts receivable		11,899
Inventories		16,528
Prepayments		6,172
Other current assets		309
Property, Plant, and Equipment		736
Other Non-Current Assets		2
Accounts payable		(8,796)
Other payables		(19,665)
Other current liabilities		(6,624)
	$	27,527

Gains on bargain purchase arising from acquisition:

Transfer Price	$	22,640
Add: Non-controlling interests (measured by non-controlling interest's proportionate share of identifiable net assets)		2,364
Less: The fair value of identifiable net assets		(27,527)
Gains on bargain purchase (recognized in other income)	$	(2,523)

(XI) Property, Plant, and Equipment

The changes in costs, depreciation and impairment loss of property, plant and equipment for the years ended December 31, 2021 and 2020 were as follows:

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
Cost or deemed cost:									
Balance as of January 1, 2021	$ 310,476	1,098,471	27,416	1,110,067	16,812	435,223	66,062	78,707	3,143,234
Acquired through business combinations (Note VI (X))	-	-	-	222	-	533	-	-	755
Addition	-	56,261	351	80,919	3,460	40,487	6,684	24,157	212,319
Disposal and obsolescence	-	(2,295)	-	(7,804)	(1,111)	(5,872)	-	-	(17,082)
Reclassification (Note 1)	-	5,685	-	2,279	-	5,513	2,112	(74,989)	(59,400)
Effect of exchange rate changes	-	(2,383)	(178)	(8,596)	(130)	(1,582)	(651)	-	(13,520)
Balance as of December 31, 2021	$ 310,476	1,155,739	27,589	1,177,087	19,031	474,302	74,207	27,875	3,266,306
Balance as of January 1, 2020	$ 310,476	1,090,077	24,402	1,006,278	16,638	419,807	59,361	3,417	2,930,456
Addition	-	3,000	2,670	110,093	-	19,679	8,747	75,308	219,497
Disposal and obsolescence	-	(233)	(85)	(28,661)	-	(6,544)	(3,517)	-	(39,040)
Reclassification (Note 1)	-	103	-	7,905	-	961	273	(18)	9,224
Effect of exchange rate changes	-	5,524	429	14,452	174	1,320	1,198	-	23,097
Balance as of December 31, 2020	$ 310,476	1,098,471	27,416	1,110,067	16,812	435,223	66,062	78,707	3,143,234
Depreciation and impairment loss:									
Balance as of January 1, 2021	$ -	479,797	5,371	751,234	13,354	348,326	21,343	-	1,619,425
Acquired through business	-	-	-	-	-	19	-	-	19

	Land	Housing and Construction	Buildings and Building Improvements	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in progress and equipment under installation	Total
combinations (Note VI (X))									
Recognition in current period	-	46,470	2,044	86,989	952	37,011	8,368	-	181,834
Disposal and obsolescence	-	(1,790)	-	(7,395)	(1,102)	(5,815)	-	-	(16,102)
Reclassification (Note 1)	-	(53,634)	-	-	-	-	-	-	(53,634)
Effect of exchange rate changes	-	(1,781)	(28)	(6,482)	(119)	(877)	(376)	-	(9,663)
Balance as of December 31, 2021	$ -	469,062	7,387	824,346	13,085	378,664	29,335	-	1,721,879
Balance as of January 1, 2020	$ -	428,775	3,418	692,475	12,325	319,147	15,478	-	1,471,618
Recognition in current period	-	47,077	1,871	77,459	904	35,591	6,799	-	169,701
Disposal and obsolescence	-	(168)	(16)	(27,580)	-	(6,371)	(1,437)	-	(35,572)
Reclassification (Note 1)	-	-	-	84	-	(912)	93	-	(735)
Effect of exchange rate changes	-	4,113	98	8,796	125	871	410	-	14,413
Balance as of December 31, 2020	$ -	479,797	5,371	751,234	13,354	348,326	21,343	-	1,619,425
Carrying amounts:									
Balance as of December 31, 2021	$ 310,476	686,677	20,202	352,741	5,946	95,638	44,872	27,875	1,544,427
Balance as of December 31, 2020	$ 310,476	618,674	22,045	358,833	3,458	86,897	44,719	78,707	1,523,809

Note 1. For the years ended December 31, 2021 and 2020, the amount transferred from equipment prepayment was NT$7,606 thousand and NT$9,959 thousand, respectively.

Note 2. For the year ended December 31, 2021, the cost and accumulated depreciation transferred to non-current assets held for sale were NT$67,006 thousand and NT$53,634 thousand, respectively.

Note 3. For the year ended December 31, 2020, the cost and accumulated depreciation transferred to intangible assets were NT$735 thousand and NT$735 thousand, respectively.

Please refer to Note VIII for the details of property, plant and equipment that have been pledged as collaterals for long-term and short-term borrowings and credit facilities as of December 31, 2021 and 2020.

(XII) Right-of-use assets

The changes in the costs and depreciation of land, buildings and construction, transportation equipment and office equipment leased by the Group were as follows:

	Land	Housing and Construction	Transportation Equipment	Office Equipment	Total
Costs of right-of-use assets:					
Balance as of January 1, 2021	$ 29,112	783,629	3,404	-	816,145
Addition	-	299,435	716	-	300,151
Reduction (contract expired and early termination of contract)	-	(13,797)	(661)	-	(14,458)
Reclassification to non-current assets held for sale	(1,435)	-	-	-	(1,435)
Effect of exchange rate changes	(131)	(22,607)	(8)	-	(22,746)
Balance as of December 31, 2021	$ 27,546	1,046,660	3,451	-	1,077,657
Balance as of January 1, 2020	$ 29,018	769,019	3,104	229	801,370
Addition	-	12,727	784	-	13,511
Reduction (contract modification, contract expired and early termination of contract)	(197)	(6,593)	(501)	(229)	(7,520)
Effect of exchange rate changes	291	8,476	17	-	8,784
Balance as of December 31,	$ 29,112	783,629	3,404	-	816,145

	Land	Housing and Construction	Transportation Equipment	Office Equipment	Total
2020					
Depreciation of right-of-use assets:					
Balance as of January 1, 2021	$ 2,154	299,010	1,561	-	302,725
Depreciation in current period	1,055	155,932	1,028	-	158,015
Reduction (contract expired and early termination of contract)	-	(9,837)	(661)	-	(10,498)
Reclassification to non-current assets held for sale	(139)	-	-	-	(139)
Effect of exchange rate changes	(8)	(7,860)	(11)	-	(7,879)
Balance as of December 31, 2021	$ 3,062	437,245	1,917	-	442,224
Balance as of January 1, 2020	$ 1,073	150,443	1,005	171	152,692
Depreciation in current period	1,066	144,983	1,049	58	147,156
Reduction (contract expired and early termination of contract)	-	(2,553)	(501)	(229)	(3,283)
Effect of exchange rate changes	15	6,137	8	-	6,160
Balance as of December 31, 2020	$ 2,154	299,010	1,561	-	302,725
Carrying amounts:					
Balance as of December 31, 2021	$ 24,484	609,415	1,534	-	635,433
Balance as of December 31, 2020	$ 26,958	484,619	1,843	-	513,420

(XIII) Intangible assets

The changes in costs, amortization and impairment loss of intangible assets for the years ended December 31, 2021 and 2020 were as follows:

	Goodwill	Software cost	Patent	Total
Costs:				
Balance as of January 1, 2021	$ 218,672	12,851	15,863	247,386
Addition in current period	-	7,190	-	7,190
Reduction in current period	-	(4,437)	-	(4,437)
Effect of exchange rate changes	-	(1)	-	(1)
Balance as of December 31, 2021	$ 218,672	15,603	15,863	250,138
Balance as of January 1, 2020	$ 218,672	10,801	15,863	245,336
Addition in current period	-	1,513	-	1,513
Reduction in current period	-	(200)	-	(200)
Reclassification (Note)	-	735	-	735

	Goodwill	Software cost	Patent	Total
Effect of exchange rate changes	-	2	-	2
Balance as of December 31, 2020	$ 218,672	12,851	15,863	247,386
Amortization and impairment loss:				
Balance as of January 1, 2021	$ -	10,485	15,863	26,348
Amortization for the period	-	4,732	-	4,732
Reduction in current period	-	(4,437)	-	(4,437)
Effect of exchange rate changes	-	(1)	-	(1)
Balance as of December 31, 2021	$ -	10,779	15,863	26,642
Balance as of January 1, 2020	$ -	6,057	15,863	21,920
Amortization for the period	-	3,891	-	3,891
Reduction in current period	-	(200)	-	(200)
Reclassification (Note)	-	735	-	735
Effect of exchange rate changes	-	2	-	2
Balance as of December 31, 2020	$ -	10,485	15,863	26,348
Carrying amounts:				
Balance as of December 31, 2021	$ 218,672	4,824	-	223,496
Balance as of December 31, 2020	$ 218,672	2,366	-	221,038

Note: Transferred from property, plant and equipment.

1. Amortization expenses

   The amortization of intangible assets was included in the following items of the Statements of Comprehensive Income for the years ended December 31, 2021 and 2020:

	2021	2020
Operating costs	$ 378	355
Operating expenses	4,354	3,536

2. Impairment test for goodwill

   (1) For the purpose of impairment test, goodwill is allocated to the Group's operating units, which are the smallest levels used by the Group to monitor goodwill for internal management purposes and shall not be larger than the operating departments of the Group. Allocation of the carrying amount of goodwill as of December 31, 2021 and 2020 was as follows:

		2021.12.31	2020.12.31
FSP Technology Inc., Kaohsiung Branch	$	114,411	114,411
3Y Power		104,261	104,261
	$	218,672	218,672

(2) The recoverable amount of the cash-generating unit is based on its value in use. Value in use is determined by discounting the future cash flows arising from the continuing use of the unit. The calculation of the value in use (including goodwill) is based on the following key assumptions:

A. The cash flow projections were based on historical figures, actual operating results and 5-year business plan. Cash flows beyond 5 years have been projected with zero growth rate.

B. The Group estimated the pre-tax discount rate based on the weighted-average cost of capital, which was 9.10% and 9.44% for the years ended December 31, 2021 and 2020, respectively.

(3) According to the asset impairment test conducted in 2021 and 2020, no impairment losses were recognized as the recoverable amount of cash-generating unit was higher than the carrying amount.

(XIV) Short-term loans

The details of the Group's short-term borrowings are provided below:

		2021.12.31	2020.12.31
Credit loans	$	16,315	32,162
Unused facility	$	803,882	927,046
Interest rate range		1.00~2.26	0.98~4.32

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

(XV) Long-term loans

The details of the Group's long-term borrowings are provided below:

		2021.12.31	2020.12.31
Secured bank borrowings	$	272,348	123,243
Less: current portion of long-term debt		73,014	12,559
Total	$	199,334	110,684
Unused facility	$	20,000	259,930
Interest rate range		1.41~1.58	1.41~1.58

1. Collateral for bank borrowings

Please refer to Note VIII for the details of the Group's assets pledged as collateral for bank borrowings.

2. Government-subsidized loan with preferential interest rate

   In August 2020, the Group obtained a NT$371,000 thousand low-interest loan from Mega International Commercial Bank under the "Guidelines of Project Loans for Returning Overseas Taiwanese Businesses". Drawdown period was until December 31, 2021 and multiple drawdowns were allowed. For the periods from January 1, 2021 to December 31, 2021 and from August 3, 2020 to December 31, 2020, the amount of actual utilization was NT$185,580 thousand and NT$111,070 thousand respectively. Based on market interest rate of 1.58% to recognize and measure the loan, the difference between the actual repayment preferential interest rate of 0.65% and the market interest rate was NT$3,591 thousand and NT$2,994 thousand respectively, which were treated as government subsidies and recognized as deferred income under other current liabilities and other non-current liabilities.

(XVI) Lease liabilities

The carrying amount of lease liabilities were as follows:

	2021.12.31	2020.12.31
Current	$ 166,758	151,461
Non-current	474,996	371,116
Total	**$ 641,754**	**522,577**

Please refer to Note VI(XXV) Financial Instrument for the maturity analysis.

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expense on lease liabilities	**$ 7,933**	**10,041**
Variable lease payments not included in the measurement of lease liabilities	**$ 1,675**	**1,208**
Expenses of short-term leases	**$ 10,821**	**5,938**
Expenses relating to leases of low-value assets (excluding short-term leases of low-value assets)	**$ 102**	**63**
Rent concession arising from the COVID-19 pandemic (recognized in other income)	**$ -**	**14,763**

Amount recognized in the Statements of Cash Flows was as follows:

	2021	2020
Total cash outflow in operating activities	$ 20,531	17,250
Total cash outflow in financing activities	162,242	134,460
Total cash flows on lease	**$ 182,773**	**151,710**

1. Lease of land, buildings and construction

The Group leases land, buildings and construction as factories, office premises, staff quarters and warehouses with lease terms ranging from 1 to 10 years. Some of these leases include the option to extend the lease term for the same period as the original contract at the end of the lease term.

The lease payments for some of the warehouses are based on the actual floor area used each month.

For these lease contracts, the variable lease payments paid by the Group in 2021 were as follows:

	Variable payment	Estimated impact on lease payment for each 1% increase in the actual floor area used
Lease contracts with variable payment calculated based on the actual floor area used per month	**$ 1,675**	**17**

2. Other leases

The Group leases machinery and transportation equipment with the lease terms ranging from three months to eight years.

The lease terms of some of Group's leases of buildings, construction, machinery and transportation equipment are within 1 year. These leases are considered as short-term leases or leases of low-value assets and the Group elected to apply exemption and did not recognize related right-of-use assets and lease liabilities.

(XVII) Provisions for liabilities

	2021	2020
Balance at January 1	$ 157,190	145,337
Addition of provision during the year	116,273	88,886
Amount utilized during the year	(127,240)	(77,033)
Balance at December 31	**$ 146,223**	**157,190**

The provision of the Group is mainly for sales-related maintenance obligation. The provision is estimated based on historical maintenance rates and maintenance cost per unit of specific products.

(XVIII) Employee benefits

1. Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the fair value of plan assets was as follows:

		2021.12.31	2020.12.31
Present value of defined benefit obligation	$	214,365	218,482
Fair value of plan assets		(176,113)	(165,115)
Net defined benefit liabilities	$	38,252	53,367
Recorded under other non-current assets	$	5,982	3,851
Recorded under net defined benefit liabilities	$	44,234	57,218

The Group makes contribution of defined benefit plan to the labor pension reserve account at Bank of Taiwan. Under the Labor Standards Act, pension benefit of each eligible employee is calculated based on the number of units accrued from service years and the average monthly salaries of the last 6 months prior to retirement.

(1) Composition of plan assets

The pension fund contributed by the Group is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum returns per year shall not be lower than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2021, the balance of the labor pension reserve account at Bank of Taiwan was NT$175,295 thousand. For information on the labor pension fund assets, including yield of the fund and the asset portfolio, please refer to the website of the Bureau of Labor Funds.

(2) Changes in present value of the defined benefit obligations

Changes in present value of the defined benefit obligations in 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligations at January 1	$	218,482	209,840
Service costs and interest in the year		3,452	2,680
Remeasurement on the net defined benefit liabilities (assets)			
- Actuarial loss arising from experience adjustments		3,327	2,900
- Actuarial loss arising from changes in demographic assumption		459	294
- Actuarial loss (gain) arising from changes in financial assumption		(8,418)	9,629
Benefits paid by the plan		(2,937)	(5,694)
Effect of plan curtailment		-	(1,167)
Defined benefit obligations at December 31	$	214,365	218,482

(3) Changes in fair value of plan assets

Changes in fair value of defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets on January 1	$	(165,115)	(153,663)
Interest income		(486)	(1,125)
Remeasurement on the net defined benefit assets - Return on plan assets (excluding interests)		(2,444)	(5,032)
Amount contributed to the plan		(11,005)	(10,460)
Benefits paid by the plan		2,937	5,165
Fair value of plan assets on December 31	**$**	**(176,113)**	**(165,115)**

(4) Expenses recognized in profit or loss

Details of expenses (gains) recognized in profit or loss for the years ended December 31, 2021 and 2020:

		2021	2020
Service costs for the current period	$	2,812	(20)
Net interest expense of net defined benefit liabilities		154	408
	$	**2,966**	**388**
Operating costs	$	279	(1)
Selling and marketing expenses		394	-
General and administrative expenses		1,013	389
Research and development expenses		1,280	-
	$	**2,966**	**388**

(5) Actuarial assumptions

The major assumptions of the actuarial valuation to calculate the present value of the defined benefit obligation at the end of reporting period were as follows:

	2021.12.31	2020.12.31
Discount rate	0.70%	0.30%
Future salary increases	2.00%	2.00%

The Group estimates to make contribution of NT$4,084 thousand to the defined benefit plan in the year following December 31, 2021.

The weighted-average duration of the defined benefit plan is 9 years.

(6) Sensitivity analysis

The impact of a change in assumptions on the present value of the defined benefit obligation as of December 31, 2021 and 2020 is summarized below:

	Impact on the defined benefit obligation	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2021		
Discount rate (change by 0.25%)	(5,051)	5,256
Future salary adjustment rate (change by 0.25%)	5,125	(4,951)
December 31, 2020		
Discount rate (change by 0.25%)	(5,458)	5,680
Future salary adjustment rate (change by 0.25%)	5,513	(5,325)

The above sensitivity analysis considers the change in one assumption at a time, leaving other assumptions unchanged. In practical terms, many assumptions are interrelated and changing one individual assumption may trigger the changes in other assumptions. The method used to conduct the sensitivity analysis is consistent with the calculation of the net pension liabilities recognized in the balance sheets.

The method and assumptions used to conduct the sensitivity analysis are the same as those in the previous year.

2. Defined contribution plans

Per Group's defined contribution plan, the Group contributes monthly an amount equal to 6% of each employee's monthly wages to the employee’s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2021 and 2020, in relation to the defined contribution plan, the Group recognized pension expenses of NT$31,582 thousand and NT$31,833 thousand, respectively, which had been contributed to the Bureau of Labor Insurance.

In accordance with local regulations, other consolidated subsidiaries recognized pension expenses of NT$95,554 thousand and NT$51,483 thousand, respectively, for the years ended December 31, 2021 and 2020.

For the years ended December 31, 2021 and 2020, the Group contributed NT$12,595 thousand and NT$0 respectively to a specific trust account for employee incentives, which were recognized as operating costs and operating expenses.

As of December 31, 2021 and 2020, the Group had accrued unused leave bonuses of NT$44,230 thousand and NT$42,250 thousand, respectively, which were recorded under other payables.

(XIX) Income Tax

1. Details of income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Income tax expense for the period			
Income tax expense incurred	$	167,546	251,256
Adjustment for prior year		2,404	(6,740)
		169,950	244,516
Deferred income tax benefit			
Origination and reversal of temporary differences		(10,629)	(2,547)
Income tax expense	$	159,321	241,969

Details of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Items that will not be reclassified to profit or loss:			
Gains (losses) on re-measurements of defined benefit plans	$	1,415	(1,558)

Reconciliation between the expected income tax expense calculated based on the Group's statutory tax rate and the actual income tax expense reported in the Consolidated Statements of Comprehensive Income was as follows:

		2021	2020
Income before Tax	$	960,600	934,044
Income tax using the Company's statutory tax rate	$	192,120	186,809
Effect of different tax rates in foreign jurisdictions		(16,676)	(12,765)
Non-deductible expenses		7,540	12,563
Cash dividend income		(24,586)	(21,490)
Gains on securities transactions		131,633	43,180
Gains on exemption from securities transaction tax		(133,335)	(44,229)
Adjustments in respect of prior years		2,404	(6,740)
Tax on undistributed earnings (5%)		11,505	4,645
Land value increment tax		-	86,311
Tax incentives		(12,006)	(4,460)
Basic income tax amount		722	-
Others		-	(1,855)
Total	$	159,321	241,969

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

Group's unrecognized deferred income tax assets:

	2021.12.31	2020.12.31
Tax loss	$ 160,083	145,746

In accordance with the U.S. federal tax laws, losses approved by the tax authority may be deducted from the net income of the current year before income tax is assessed. Losses incurred in 2018 and subsequent years can be deducted indefinitely against the taxable income of future years, provided that the amount of offsetting in any profitable year is limited to 80% of the taxable income of that year. Losses incurred before 2018 can be deducted for 20 years, and there is no limit to the deductible amount in a single tax year. The above deferred income tax asset was not recognized as the Group believed that it is not probable that future taxable income will be available against which the Group can utilize the temporary differences.

As of December 31, 2021, the expiry years of unused tax losses were as follows:

Loss year	Unused tax loss	Year of expiry
2009	$ 20,435	2029
2010	55,006	2030
2013	9,534	2033
2014	6,111	2034
2015	3,499	2035
2017	3,823	2037
2018	9,763	No expiry date
2019	37,575	No expiry date
2020	14,337	No expiry date
Total	$ 160,083	

(2) Recognized deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities in 2021 and 2020 were as follows:

	Unrealized valuation gains
Deferred income tax liabilities:	
January 1, 2021	$ (2,039)
Debit income statement	(880)
December 31, 2021	$ (2,919)
January 1, 2020	$ (443)
Debit income statement	(1,596)
December 31, 2020	$ (2,039)

	Allowance for inventory valuation loss	Pension provision	Unrealized foreign exchange gain or loss	Others	Total
Deferred income tax assets:					
January 1, 2021	$ 21,138	9,858	21,855	19,530	72,381
(Debit)/Credit income statement	2,776	(1,275)	7,785	2,223	11,509
Debit other comprehensive income	-	(1,415)	-	-	(1,415)
Foreign exchange differences arising from translation of foreign operations	(99)	-	-	(136)	(235)
Foreign exchange differences arising from translation of foreign operations					
December 31, 2021	**$ 23,815**	**7,168**	**29,640**	**21,617**	**82,240**
January 1, 2020	$ 26,438	9,982	17,193	13,545	67,158
(Debit)/Credit income statement	(5,103)	(1,682)	4,662	6,266	4,143
Credit other comprehensive income	-	1,558	-	-	1,558
Foreign exchange differences arising from translation of foreign operations	(197)	-	-	(281)	(478)
Foreign exchange differences arising from translation of foreign operations					
December 31, 2020	**$ 21,138**	**9,858**	**21,855**	**19,530**	**72,381**

3. Income tax assessment

   The tax returns for the years up to 2019 filed by the Company have been approved by the tax authority.

(XX) Capital and other equity

1. Common stock issuance

   As of December 31, 2021 and 2020, the Company's authorized common stock was NT$3,600,000 thousand with the par value of NT$10 per share. 187,262 thousand shares were issued.

   The changes in outstanding shares of common stock in 2021 and 2020 were as follows:

Unit: Thousands of shares

	2021	**2020**
Balance at January 1	187,262	192,262
Retirement of treasury shares	-	(5,000)
Balance at December 31	**187,262**	**187,262**

2. Capital surplus

The Company's capital surplus was as follows:

	2021.12.31	2020.12.31
Paid-in capital in excess of par value	$ 1,006,236	1,006,236
Adjustments arising from changes in percentage of ownership in subsidiaries	4,780	4,780
	$ 1,011,016	**1,011,016**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, can be transferred to common stock as stock dividends or distributed by cash based on the original shareholding percentage. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in each year shall not exceed 10% of paid-in capital.

3. Retained earnings

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting tax and accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, along with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders after the shareholders' meeting approves the distribution plan submitted by the Board of Directors.

As per the dividend policy set forth in the Company's Articles of Incorporation, the Company's dividend policy is based on the assessment of the Company's future capital budget, planning of future capital requirements, financial structure and earnings, etc. The Board of Directors shall prepare a proposal for the distribution of earnings, which shall be approved by the shareholders' meeting. As the Company is in a stable growth stage in its business life cycle, under the trend of concentration in the industry, in order to continue to expand its scale for sustainable operation and stable growth, the residual dividend policy is adopted. Future earnings will be distributed in the form of stock dividends or cash dividends as appropriate depending on the Company's operating performance, and cash dividends distributed shall not be lower than 5% of the total dividend distribution.

(1) Legal reserve

If the Company has no accumulated deficit, it may, subject to a resolution approved by the shareholders' meeting, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

(2) Special reserve

Pursuant to the Ruling issued by the FSC, a special reserve equal to the total amount of items that are accounted for as deductions from other stockholders' equity shall be set aside from current and prior year earnings. If it is the deduction amount of other shareholders' equity accumulated in the previous period, the special reserve of the same amount shall not be distributed from the undistributed earnings of the previous period. When the amount of the deduction of shareholders' equity is reversed subsequently, the reversed amount can be included in the distributable earnings.

(3) Earning distribution

On July 20, 2021 and June 16, 2020, the Company's shareholders' meeting resolved on the distribution of earnings for the years ended December 31, 2020 and 2019, and the amount of dividends distributed to shareholders was as follows:

	2020	2019
Cash dividend distributed to the shareholders of common stock	$ 561,786	192,262

In addition, on June 16, 2020, the shareholders' meeting of the Company resolved to distribute the capital surplus of NT$96,131 thousand in cash, at NT$0.5 per share.

On March 18, 2022, the shareholders' meeting resolved on the distribution of earnings for the year ended December 31, 2021, and the amount of dividends distributed to shareholders was as follows:

	2021
Cash dividend distributed to the shareholders of common stock	$ 617,964

Information related to earning distribution approved and resolved by the Company's Board of Directors and shareholders' meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

4. Treasury stock

As resolved by the Board of Directors on March 19, 2020, the Company planed to purchase 5,000 thousand shares of its common stock from March 20, 2020 to May 19, 2020 in order to maintain the Company's credit and shareholders' right at the price range between NT$15 to NT$25 per share. The Company purchased back 5,000 thousand shares of common stock from March 23, 2020 to May 5, 2020 at the average price of NT$20.20 per share with total amount of NT$101,003 thousand. The Company's Board of Directors resolved that June 25, 2020 was the capital reduction effective date and related statutory registration has been completed.

5. Other equity items (net after tax)

	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2021	$ (89,678)	5,004,114	4,914,436
Exchange differences on translation of financial statements of foreign operations	(27,216)	-	(27,216)
Share of other comprehensive income of associates and joint-ventures under the equity method	(809)	-	(809)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	1,854,340	1,854,340
Disposal of equity instruments at fair value through other comprehensive income	-	(658,165)	(658,165)
Balance as of December 31, 2021	**$ (117,703)**	**6,200,289**	**6,082,586**
Balance as of January 1, 2020	$ (116,514)	3,199,064	3,082,550
Exchange differences on translation of financial statements of foreign operations	28,236	-	28,236
Share of other comprehensive income of associates and joint-ventures under the equity method	(1,400)	-	(1,400)
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	2,094,827	2,094,827
Disposal of equity instruments at fair value through other comprehensive income	-	(289,777)	(289,777)
Balance as of December 31, 2020	**$ (89,678)**	**5,004,114**	**4,914,436**

6. Non-controlling interests (net after tax)

	2021	2020
Beginning balance	$ 307,844	304,971
Net income for the year attributable to non-controlling interests	47,197	22,761
Gains (losses) on re-measurements of defined benefit plans	127	8
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	-	(5,859)
Exchange differences on translation of financial statements of foreign operations	(2,116)	(3,474)
Distribution of cash dividends to non-controlling interests	(16,901)	(10,563)
Increase in non-controlling interests	2,364	-
	$ 338,515	**307,844**

(XXI) Earnings per Share

Unit: Thousands of shares

	2021	2020
Basic earnings per share:		
Net income attributable to the ordinary shareholders of the Company	**$ 754,082**	**669,314**
Weight-average number of ordinary shares outstanding	**187,262**	**188,632**
Basic earnings per share (Unit: In New Taiwan Dollars)	**$ 4.03**	**3.55**
Diluted earnings per share:		
Net income attributable to the ordinary shareholders of the Company	**$ 754,082**	**669,314**
Weight-average number of ordinary shares outstanding	187,262	188,632
Employee compensation	1,627	1,373
Weight-average number of ordinary shares outstanding	**188,889**	**190,005**
Diluted earnings per share (Unit: In New Taiwan Dollars)	**$ 3.99**	**3.52**

(XXII) Revenue from contracts with customers

1. Breakdown of revenue

	2021					
	The Company and its processing subsidiaries	**3Y Power**	**Zhong Han**	**WUXI Zhonghan**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 3,059,269	484,470	-	-	-	3,543,739
China	2,860,099	520,649	2,352,506	747,527	20,861	6,501,642
U.S.A.	1,322,295	19,767	-	-	587,839	1,929,901
Germany	2,161,664	73,655	-	-	-	2,235,319
Other countries	2,332,235	57,716	-	-	49,700	2,439,651
	$ 11,735,562	1,156,257	2,352,506	747,527	658,400	16,650,252
Major product/service line:						
Sales of power supply	$ 11,735,562	1,156,257	2,352,506	747,527	658,400	16,650,252

	2020					
	The Company and its processing subsidiaries	**3Y Power**	**Zhong Han**	**WUXI Zhonghan**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 2,311,723	556,312	-	-	-	2,868,035
China	2,878,880	546,795	1,958,213	822,759	29,977	6,236,624
U.S.A.	1,179,718	29,203	-	-	346,772	1,555,693
Germany	1,924,441	89,795	-	-	-	2,014,236
Other countries	2,114,576	7,296	-	-	-	2,121,872
	$ 10,409,338	1,229,401	1,958,213	822,759	376,749	14,796,460
Major product/service line:						
Sales of power supply	$ 10,409,338	1,229,401	1,958,213	822,759	376,749	14,796,460

2. Contract balance

	2021.12.31	**2020.12.31**	**2020.1.1**
Notes and accounts receivable (including related parties)	$ 4,768,361	4,351,209	4,408,200
Less: Allowance for impairment loss	(39,771)	(42,029)	(37,515)
Total	**$ 4,728,590**	**4,309,180**	**4,370,685**
Contract liabilities (recognized in other current liabilities)	**$ 52,856**	**40,188**	**42,801**

The amount of revenue recognized in 2021 and 2020 that was included in the contract liability balance at January 1, 2021 and 2020, was NT$13,526 thousand and NT$15,044 thousand, respectively.

Please refer to Note VI(V) for notes receivable, accounts receivable and related impairment.

(XXIII) Remuneration of Employees and Directors

The Company's Articles of Incorporation stipulate that a minimum of 6% of annual profit, if any, shall be allocated to employee remuneration and a maximum of 3% of annual profit shall be allocated to Directors' remuneration. However, if the Company has accumulated losses, the Company shall set aside a part of the surplus profit first for making up the losses. Employees who are entitled to receive the employee remuneration in shares or cash include the employees of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company accrued its remuneration to employees amounting to NT$65,000 thousand and NT$50,000 thousand, respectively, and the remuneration for Directors of NT$7,000 thousand and NT$5,600 thousand, respectively. The said amounts, which were recognized as operating expenses in 2021 and 2020, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and Directors, multiplied by the distribution percentage specified in the Company's Articles of Incorporation. The difference between accrual and actual payment is treated as the change in accounting estimate and recognized in profit or loss in the following year. There was no difference between the amount of the remuneration to employees and Directors resolved by the Board of Directors and the accrual amount recognized in the Consolidated Financial Statements for the years ended December 31, 2021 and 2020. Information related to remuneration to employees and Directors resolved by the Board of Directors is available on the Market Observation Post System website of Taiwan Stock Exchange.

(XXIV) Non-operating income and expenses

1. Interest income

	2021	2020
Bank deposits	**$ 23,348**	**23,883**

2. Other income

	2021	2020
Gains on bargain purchase	$ 2,523	-
Dividend income	122,933	107,452
Other income		
Government grant	35,993	53,697
Rent concessions reclassified to revenue	-	14,763
Tax refund	11,082	13,417
Others	25,809	19,222
	$ 198,340	**208,551**

3. Other gains and losses

		2021	2020
Foreign currency exchange loss	$	(9,116)	(89,088)
Gain on financial assets measured at fair value through profit or loss		12,910	13,224
Loss on disposal of property, plant and equipment		(530)	(2,495)
Gains on disposal of non-current assets held for sale		72,399	326,059
Gains on lease modifications		97	18
Others		(695)	1,836
	$	75,065	249,554

4. Finance costs

		2021	2020
Interest expense:			
Bank borrowings	$	3,152	3,226
Lease liabilities		7,933	10,041
Others		261	63
	$	11,346	13,330

(XXV) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the financial assets.

(2) Concentration of credit risk

As of December 31, 2021 and 2020, top three customers accounted for 28% and 25% of the Group's accounts receivable balance.

(3) Credit risk from receivables and debt securities

Please refer to Note VI(V) for credit risk exposure of notes receivable and accounts receivable. For the details of other receivables, please refer to Note VI(VI). Other financial assets measured at amortized cost include other receivables and corporate bonds. Above-mentioned financial assets are considered low credit risk financial assets, and the loss allowance is measured using 12-month expected credit loss.

2. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The management of the Group supervises the use of the credit line and ensures compliance with the terms of the loan contracts.

The table below shows the contractual maturity dates for financial liabilities, including the effect of estimated interest.

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Short-term loans	$ 16,315	23,332	16,406	6,926	-	-	-
Long-term loans	272,348	280,391	37,791	38,953	77,529	126,118	-
Notes payable	14,445	14,445	14,445	-	-	-	-
Accounts payable	4,986,689	4,986,689	4,986,689	-	-	-	-
Accounts payable - related parties	90,024	90,024	90,024	-	-	-	-
Other payables	1,151,339	1,151,339	1,151,339	-	-	-	-
Lease liabilities	641,754	670,148	88,163	88,427	182,148	250,601	60,809
	$ 7,172,914	7,216,368	6,384,857	134,306	259,677	376,719	60,809
December 31, 2020							
Non-derivative financial liabilities							
Short-term loans	$ 32,162	32,291	32,262	29	-	-	-
Long-term loans	123,243	128,523	1,434	12,983	30,479	78,796	4,831
Notes payable	15,001	15,001	15,001	-	-	-	-
Accounts payable	4,842,867	4,842,867	4,842,867	-	-	-	-
Accounts payable - related parties	80,004	80,004	80,004	-	-	-	-
Other payables	948,782	948,782	948,782	-	-	-	-
Lease liabilities	522,577	550,873	82,766	76,543	93,834	222,386	75,344
	$ 6,564,636	6,598,341	6,003,116	89,555	124,313	301,182	80,175

The Group does not expect that the cash flows included in the maturity analysis will occur significantly earlier or at significantly different amounts.

3. Foreign exchange risk

(1) Exposure to foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign currency exchange risk were as follows:

	2021.12.31			2020.12.31		
	Foreign currencies	Exchange Rate	NTD	Foreign currencies	Exchange Rate	NTD
Financial assets						
Monetary items						
RMB	$ 263,138	4.344	1,143,071	204,796	4.377	896,392
USD	161,337	27.680	4,465,808	160,275	28.480	4,564,632
HKD	7,725	3.549	27,416	11,374	3.673	41,777
EUR	444	31.320	13,906	281	35.020	9,841
Non-monetary items						
USD	2,534	28.268	71,632	2,361	28.476	67,232
USD	1,080	27.680	29,894	963	28.480	27,426
RMB	6,322	4.191	26,494	6,322	4.191	26,494
HKD	5,104	3.549	18,118	5,271	3.670	19,344
Financial liabilities						
Monetary items						
RMB	111,426	4.344	484,035	117,408	4.377	513,895
USD	138,025	27.680	3,820,532	126,541	28.480	3,603,888
HKD	13,709	3.549	48,653	12,317	3.673	45,240

(2) Sensitivity analysis

The Group's exposure to foreign exchange risk arises from cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, non-current financial assets measured at fair value through other comprehensive income, short-term borrowings, accounts payable (including related parties) and other payables that are denominated in foreign currencies and subject to foreign exchange loss in currency translation. As of December 31, 2021 and 2020, if the New Taiwan Dollar had depreciated or appreciated by 5% against the US Dollar, Renminbi, Hong Kong Dollar and Euro with all other factors remaining unchanged, net income would have increased or decreased by NT$51,879 thousand and NT$53,985 thousand respectively in 2021 and 2020. The analysis of the two periods was conducted on the same basis.

(3) Foreign exchange gain (loss) on monetary items

Due to various functional currencies within the Group, the Group disclosed the information on foreign exchange gain (loss) on monetary items on an aggregated basis. For the years ended December 31, 2021 and 2020, the foreign exchange loss (including realized and unrealized) was NT$9,116 thousand and NT$89,088 thousand, respectively.

4. Market risk

If the prices of equity securities with active market quotations at the reporting date had changed (using the same basis for both periods and assuming no change in other variables), the impact on the comprehensive income would have been as follows:

	2021		**2020**	
Security price at the reporting date	**Other comprehensive income (pre-tax)**	**Pre-tax income**	**Other comprehensive income (pre-tax)**	**Pre-tax income**
Increase by 5%	$ 332,024	-	260,901	-
Decrease by 5%	$ (332,024)	-	(260,901)	-

Please refer to Note VI(IV) "Measurement of the fair value of Level 3, the sensitivity analysis of the fair value using reasonably possible alternative assumptions"for details of the price changes of the Level 3 equity securities.

5. Interest rate analysis

The Group's demand deposits, time deposits and short-term liabilities are subject to floating interest rates. However, changes in market interest rates are not significant and thus changes in interest rates do not give rise to significant cash flow risk.

6. Fair value information

(1) Category of financial instruments and their fair value

Group's financial instruments measured at fair value on a recurring basis include the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income. Carrying amount and fair value of various financial assets and financial liabilities (including fair value level information, except for financial instruments whose carrying amount is a reasonable approximation of fair value, and lease liabilities which are not required to disclose their fair value information) were as follows:

	2021.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 232,758	232,758	-	-	232,758
Private equity funds	12,000	-	-	12,000	12,000
Non-publicly quoted equity instruments measured at fair value	71,632	-	-	71,632	71,632
Structured deposits	199,684	-	-	199,684	199,684
Subtotal	516,074	232,758	-	283,316	516,074
Financial assets at fair value through other comprehensive income					
Domestic listed stock	6,622,359	6,622,359	-	-	6,622,359
Foreign listed stock	18,118	18,118	-	-	18,118
Non-publicly quoted equity instruments measured at fair value	122,661	-	-	122,661	122,661
Subtotal	6,763,138	6,640,477	-	122,661	6,763,138
Financial assets at amortized cost					
Corporate bond	$ 10,800	-	-	-	-
Cash and cash equivalents	2,794,253	-	-	-	-
Notes receivable and accounts receivable	4,728,590	-	-	-	-
Other receivables	73,406	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	18,779	-	-	-	-
Refundable deposits (classified in other non-current assets)	39,290	-	-	-	-
Subtotal	7,665,118	-	-	-	-
Total	**$ 14,944,330**	**6,873,235**	**-**	**405,977**	**7,279,212**
Financial liabilities measured at amortized cost					
Bank borrowings	$ 288,663	-	-	-	-
Notes payable and accounts payable	5,091,158	-	-	-	-
Other payables	1,151,339	-	-	-	-
Lease liabilities	641,754	-	-	-	-
Total	**$ 7,172,914**	**-**	**-**	**-**	**-**

	2020.12.31				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificates	$ 210,388	210,388	-	-	210,388
Non-publicly quoted equity instruments measured at fair value	67,232	-	-	67,232	67,232
Structured deposits	288,112	-	-	288,112	288,112
Subtotal	565,732	210,388	-	355,344	565,732
Financial assets at fair value through other comprehensive income					
Domestic listed stock	5,198,671	5,198,671	-	-	5,198,671
Foreign listed stock	19,344	19,344	-	-	19,344
Non-publicly quoted equity instruments measured at fair value	55,161	-	-	55,161	55,161
Subtotal	5,273,176	5,218,015	-	55,161	5,273,176
Financial assets at amortized cost					
Cash and cash equivalents	$ 3,051,117	-	-	-	-
Notes receivable and accounts receivable	4,309,180	-	-	-	-
Other receivables	65,054	-	-	-	-
Restricted bank deposits (classified in other non-current assets)	18,921	-	-	-	-
Refundable deposits (classified in other non-current assets)	36,826	-	-	-	-
Subtotal	7,481,098	-	-	-	-
Total	$ 13,320,006	5,428,403	-	410,505	5,838,908
Financial liabilities measured at amortized cost					
Bank borrowings	$ 155,405	-	-	-	-
Notes payable and accounts payable	4,937,872	-	-	-	-
Other payables	948,782	-	-	-	-
Lease liabilities	522,577	-	-	-	-
Total	$ 6,564,636	-	-	-	-

(2) Valuation techniques for financial instruments measured at fair value - non-derivative financial instruments

If there is an active market for a financial instrument, the fair value is based on the quoted price in the active market. The market prices announced by major exchanges are the basis for the fair value of listed (over-the-counter) equity instruments and debt instruments that are publicly quoted in the active market.

A financial instrument has an active market for public quotations if public quotations can be obtained from an exchange, broker, underwriter, industry association, pricing service agencies or competent authority in a timely manner and on a regular basis, and if the price fairly represents actual and frequent market transactions. If the above conditions are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low volume of transactions are all indicators of an inactive market.

Among the financial instruments held by the Group, the listed stocks and beneficiary certificates are financial assets with standard terms and conditions that are traded in the active market, and their fair values are determined with reference to quoted market prices.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by referencing to quoted prices from counterparties. The fair value of financial instruments measured by using valuation techniques can refer to current fair value of instruments with similar terms and

characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the Consolidated Balance Sheets date.

The fair value of financial instruments held by the Group that are not publicly quoted equity instruments with no active market is estimated using the market comparable company method. The key assumptions of the market comparable company method are based on the earnings or equity net worth multiplier derived from the quoted market prices of comparable listed companies. This estimate of the equity securities has been adjusted for the effect of lack of market liquidity.

(3) Quantitative information of significant unobservable inputs (Level 3) relating to fair value measurement

The Level 3 of fair value measurements mainly includes financial assets measured at fair value through profit or loss - investments in equity securities, investments in private equity funds and financial assets measured at fair value through other comprehensive income.

The Group's equity instrument investment with no active market has multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are not correlated with each other because they are independent of each other.

Because the correlation between significant unobservable input value and fair value cannot be fully identified in practice, Group's structured deposits are not included in the disclosure of quantitative information of significant unobservable input values and the sensitivity analysis of fair value for reasonably possible alternative assumptions.

Table of quantitative information of significant unobservable inputs is provided below:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value
Financial assets measured at fair value through profit or loss - Investment in equity instrument without an active market	Comparable company valuation method	· Net worth multiple (2.59 and 1.94 for the years ended December 31, 2021 and 2020) · Discount for lack of market liquidity (29.39% as of December 31, 2021 and 2020)	· The higher the multiple, the higher the fair value · The higher the discount for lack of market liquidity, the lower the fair value
Financial assets measured at fair value through profit or loss - private equity fund investment	Net assets value method	· Net asset value	· The higher the net assets value, the higher the fair value
Financial assets measured at fair value through other comprehensive income - Investment in equity instrument without an active market	Comparable company valuation method	· P/E ratio multiple (9.69-29.67 and 10.15 for the years ended December 31, 2021 and 2020) · Net worth multiple (2.40-5.42 and 6.81 for the years ended December 31, 2021 and 2020) · Discount for lack of market liquidity (29.39% as of December 31, 2021 and 2020)	· The higher the multiple, the higher the fair value · The higher the discount for lack of market liquidity, the lower the fair value

(4) Fair value measurement in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is considered reasonable. However, the fair value may change if different valuation models or inputs are used. For financial instruments classified in Level 3, changing the valuation assumptions would have the following effects on other comprehensive income:

	Input	Upward or downward change	Fair value change reflected in current profit or loss		Fair value change reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2021						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	4,363	(4,363)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	475	(475)
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	552	(552)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	3,234	(3,234)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	347	(347)
December 31, 2020						
Financial assets at fair value through profit or loss						
Investment in equity instrument without an active market	Net worth ratio	5%	3,362	(3,362)	-	-
Financial assets at fair value through other comprehensive income						
Investment in equity instrument without an active market	Price-to-earnings ratio	5%	-	-	1,036	(1,036)
Investment in equity instrument without an active market	Net worth ratio	5%	-	-	1,433	(1,433)

The favorable and unfavorable effects represent the changes in fair value, which is based on a variety of unobservable inputs calculated using the valuation technique. If the fair value of a financial instrument is subject to more than one input, the analysis above reflects only the effect of the change in a single input and does not consider the interrelationship between inputs.

(XXVI) Financial risk management

1. Overview

The Group is exposed to the following risks arising from financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

In this Note, the Group has disclosed the information on exposure to the aforementioned risks, and the Group’s objectives, policies and procedures to measure and manage these risks.

2. Risk management framework

The Board of Directors is responsible for developing and overseeing the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, to monitor the risk and to manage the exposure within the risk limits. Risk management policies and systems are reviewed on a regular basis to reflect the changes in market conditions and the Group's operations. The Group develops a disciplined and constructive control environment through training, management guidelines and operating procedures so that all employees understand their roles and responsibilities.

3. Credit risk

Credit risk refers to the risk of financial loss to the Group resulting from the failure of a customer or counterparty of a financial instrument to meet their contractual obligations, and arises primarily from the Group's accounts receivable and security investment.

(1) Accounts receivable and other receivables

The Group's customers are concentrated in a wide range of power supply-related industries. To mitigate the credit risk of accounts receivable, the Group continuously evaluates the financial position of customers and purchases insurance for the accounts receivable of customers in high-risk areas or with special characteristics to reduce the Group's accounts receivable risk. The Group regularly evaluates the possibility of receivables collection and makes provision for bad debts accordingly; overall, management is able to effectively manage the risk of accounts receivable.

The Group has established the credit policy under which it is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. Purchasing limits are established for each individual customer and limits are reviewed periodically. Customers who do not meet the requirement of credit rating can only trade with the Group on an prepayment basis.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the financial department of the Group. Since the counterparties of transactions and obligations of the Group are banks with good credit standing, and financial institutions, corporate and government with investment grade and above, default risk is limited and hence there is no significant credit risk.

(3) Guarantee

It is the policy of the Group to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, the Group did not provide any guarantee.

4. Liquidity risk

Liquidity risk is the risk that the Group encounters difficulty in settling its financial liabilities by delivering cash or other financial assets and fails to fulfill its related obligations. The Group manages its liquidity by ensuring that the Group has sufficient liquidity to meet its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or damaging the Group's reputation.

The Group ensures that it has sufficient cash to meet all contractual obligations. In addition, the Group had unused facilities in the amount of NT$823,882 thousand and NT$1,186,976 thousand as of December 31, 2021 and 2020, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable level, while optimizing the return of investment.

(1) Foreign exchange risk

The Group is exposed to foreign exchange risk on sales, procurement and loans that are denominated in a currency other than the respective functional currencies of the Group's entities. Group's functional currencies mainly include New Taiwan Dollar, US Dollar and Renminbi. The currencies used in these transactions are mainly New Taiwan Dollar, Hong Kong Dollar, US Dollar and Renminbi.

There is no significant difference or significant change in the receivables and payables of the Group, so the Group currently adopts natural hedge as the main exchange rate hedging policy to mitigate the risk.

(2) Interest rate risk

The Group’s financial assets exposed to the risk of fair value change arising from interest rate changes are bank deposits; financial liabilities are bank borrowings, but the impact of changes in interest rates on the fair value of the related financial assets is not significant.

(3) Other market price risk

Group's current financial assets at fair value through profit or loss and non-current financial assets at fair value through other comprehensive income mainly consist of investment in domestic funds, private equity funds, listed stocks, unlisted stocks, foreign listed stocks and foreign unlisted stocks. Because they are measured at fair value, the Group is exposed to the risk of changes in the market price of equity securities. In order to manage market risk, the Group selects investment targets carefully and controls its position in order to mitigate the market risk.

(XXVII) Capital management

It is the policy of the Board of Directors to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital consists of the Group's share capital, capital surplus, retained earnings, other equity and non-controlling interests. The Board of Directors is responsible for controlling the debt-to-equity ratio and the level of common stock dividends.

As of December 31, 2021 and 2020, debt-to-equity ratio was as follows:

	2021.12.31	2020.12.31
Total Liabilities	$ 7,630,066	6,955,819
Less: cash and cash equivalents	(2,794,253)	(3,051,117)
Net liability	$ 4,835,813	3,904,702
Equity	$ 13,547,476	11,492,660
Debt-to-equity ratio	35.70%	33.98%

As of December 31, 2021, there was no material change in the Group's capital management.

(XXVIII) Investing and financing activities not affecting cash flows

The reconciliation of liabilities arising from financing activities in 2021 and 2020 was as follows:

			Non-cash changes					
	2021.1.1	Cash flows from:	Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	Others	2021.12.31
Long-term loans	$ 123,243	149,105	-	-	-	-	-	272,348
Short-term loans	32,162	(15,847)	-	-	-	-	-	16,315
Lease liabilities	522,577	(162,242)	300,151	(4,057)	(14,675)	-	-	641,754
Total liabilities from financing activities	$ 677,982	(28,984)	300,151	(4,057)	(14,675)	-	-	930,417

			Non-cash changes					
	2020.1.1	Cash flows from:	Addition	Disposal and obsolescence	Changes in foreign exchange rate	Changes in lease payment	Others	2020.12.31
Long-term loans	$ 16,713	106,153	-	-	-	-	377	123,243
Short-term loans	105,623	(73,461)	-	-	-	-	-	32,162
Lease liabilities	659,923	(134,460)	13,511	(4,255)	2,621	(14,763)	-	522,577
Total liabilities from financing activities	$ 782,259	(101,768)	13,511	(4,255)	2,621	(14,763)	377	677,982

VII. Related Party Transactions

(I) Related party name and relationship

Related parties that had transactions with the Group during the reporting periods were listed below:

Related Party	Relationship with the Group
FSP Group USA Corp.	Group's associate
Sparkle Power Inc.	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Amacrox Technology Inc. (“Amacrox”)	The entity's Chairman is the second-degree relatives of the Chairman of the Company
Voltronic Power Technology Corp. (“Voltronic”)	Substantive related party
Fortron/Source (Europa) GmbH	Substantive related party
FSP(GB) Ltd.	Substantive related party
FSP North America	Substantive related party
FSP Power Solution GmbH	Substantive related party
3Y Power Exchange	Substantive related party
Cheng, Ya-Jen	Chairman of the Company
Li, Hung-Neng	Director of the Company

(II) Significant related party transactions

1. Operating revenue

The amounts of significant sales to related parties were as follows:

	2021	2020
Associate	$ 57,170	67,749
Other related party	2,288,464	1,949,311
	$ 2,345,634	**2,017,060**

The prices and credit terms of the Group's sales to the above related parties were not significantly different from those of its regular customers.

2. Purchases

The amounts of purchases from related parties were as follows:

	2021	2020
Other related party	**210,723**	**180,020**

The Group purchased goods from the above-mentioned related parties, and did not purchase similar products from other manufacturers, so there was no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

3. Receivables from related parties

The details of the receivables of the Group arising from sales transactions, business needs and disbursement of dividend receivables were as follows:

Accounting Subject	Related party category/name	2021.12.31	2020.12.31
Accounts receivable	Associate	$ 15,710	32,561
	Other related party	786,038	584,192
		801,748	616,753
Other receivables	Associate	680	474
	Other related party		
	FSP Power Solution GmbH	7,297	12,463
	Others	13,673	16,806
		21,650	29,743
		$ 823,398	**646,496**

For the details of the loss allowance for accounts receivable - related party for the years ended December 31, 2021 and 2020, please refer to Note VI(V). Please refer to Note VI(VI) for the details of the loss allowance for other receivables - other related party, 3Y Power Exchange.

4. Payables to related parties

The details of the payables arising from the purchase of goods and the purchase via related parties were as follows:

Accounting Subject	Related party category/name	2021.12.31	2020.12.31
Accounts payable	Other related party	**$ 90,024**	**80,004**

5. Purchase of services from related parties

The details of the technical service fee, labor fee and commission paid by the Group to the related parties were as follows:

	2021	2020
Associate		
FSP Group USA Corp.	8,933	10,515
Other related party		
Amacrox	8,496	6,830
Sparkle Power Inc.	4,665	5,360
Others	6,595	5,564
	28,689	**28,269**

The details of the Group's recognized payable amounts due to related parties as a result of the above transactions and payments/collections on behalf of related parties were as follows:

Accounting Subject	Related party category/name	2021.12.31	2020.12.31
Other payables	Associate	$ 574	658
	Other related party	6,924	9,618
		$ 7,498	10,276

6. Leases

In 2020, the Group leased an office building from the Director of the Company and entered into a three-year lease agreement with reference to the rental rate of offices in the neighboring areas, with a total contract amount of NT$2,800 thousand. The interest expense recognized in the year ended December 31, 2020 was NT$260 thousand and the balance of lease liabilities as of December 31, 2020 was NT$14,386 thousand.

In addition, the Group leased an office from the Chairman of the Company and entered into a one-year lease agreement in January 2019 at a price agreed by both parties. This lease transaction was recognized as a right-of-use asset and lease liability of NT$9,487 thousand on January 1, 2020, in accordance with IFRS 16. The recognized interest expense in 2021 and 2020 was NT$145 thousand and NT$147 thousand respectively.The balance of lease liabilities as of December 31, 2021 and 2020 were NT$7,710 thousand and NT$8,600 thousand, respectively.

(III) Compensation for key management personnel

	2021	2020
Short-term employee benefits	$ 69,479	66,339
Post-employment benefits	709	640
	$ 70,188	66,979

VIII. Pledged Assets

The carrying amount of pledged assets for custom duty performance guarantee, litigation guarantee and borrowings was as follows:

Assets	Pledged to secure	2021.12.31	2020.12.31
Restricted time deposits (recognized in other non-current assets)	Custom duty performance guarantee	$ 100	100
Restricted demand deposits (recognized in other non-current assets)	Litigation guarantee	18,679	18,821
Land	Long-term and short-term borrowings	161,077	173,844
Housing and Construction	Long-term and short-term borrowings	186,447	114,755
Total		$ 366,303	307,520

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) As of December 31, 2021 and 2020, the guarantee facilities extended by banks for customs and excise duties were NT$215,000 thousand, and utilized facilities were NT$63,000 thousand and NT13,000 thousand, respectively.

(II) The consolidated company purchased products of Beyond Innovation Technology Co., Ltd. (hereinafter referred to as Beyond Innovation) through a distributor in Taiwan. O2 Micro International Limited (hereinafter referred to as O2), a competitor of Beyond Innovation, states that such products infringe upon its patent rights in the United States, and therefore filed a civil lawsuit against three companies including the merged company in the Marshall Division, United States District Court for the Eastern District of Texas (hereinafter referred to as the United States District Court).

O2 withdrew all claims for monetary compensation against all defendants in the preceding civil lawsuit on April 24, 2006. The United States District Court subsequently rendered a first-instance judgment and injunction prohibiting the sale of the products to the United States on March 21, 2007. It also ruled that the attorneys' fees and litigation costs incurred in this lawsuit, totaling US$2,268,402.22, should be borne jointly by the merged company, Beyond Innovation, and Lien Chang Electronic Enterprise Co., Ltd. After the defendants filed an appeal to the United States Court of Appeals for the Federal Circuit, the Federal Circuit issued a decision on April 3, 2008. It found the lower court's ruling, in which the defendants were found to be in violation of patent rights, did not meet requirements for legal proceedings and therefore reversed and remanded to the original court for retrial. As for the ruling regarding the litigation expenses, although it was not reviewed by the court of appeals, the reversal of the first-instance judgment means that the ruling has lost its basis and is therefore nullified.

After the case was remanded to the United States District Court, the Court only reviewed the lawsuit between O2 and Beyond Innovation, and rendered a judgment on September 27, 2010, which found that although Beyond Innovation had infringed upon O2's patent rights, the infringement was not based on malicious intent. Beyond Innovation later filed an appeal and the United States Court of Appeals for the Federal Circuit (CAFC) rejected Beyond Innovation's appeal and affirmed the decision of the lower court on November 18,2011.

The litigation between the merged company and O2 was separated from the aforementioned litigation between O2 and Beyond Innovation on July 21, 2009. However, the merged company has not yet received a notice of hearing from the US Court.

The consolidated company was implicated by the use of Beyond Innovation's products, and after learning that Beyond Innovation's products involved in such disputes, we have switched to alternative materials that do not involve infringement disputes. According to the intellectual property right guarantee signed by the merged company and Beyond Innovation, Beyond Innovation shall bear all liabilities, losses, damages, costs, or other expenses incurred by the merged company as a result of the use of its products. As a result, Beyond Innovation shall bear the adjudication costs borne by the merged company. Therefore, the attorneys' fees and litigation costs incurred in the above patent litigation do not have a significant impact on the merged company's financial statements. The merged company recognized the aforementioned expenses in as expenses for the year in which they occurred based on fiscal conservatism.

(III) The consolidated company believes that since a ruling was rendered in the litigation between O2 and Beyond Innovation in the United States, we filed a civil lawsuit against Beyond Innovation based on the intellectual property rights guarantee provided by Beyond Innovation. We first requested the partial payment of the litigation costs and related expenses incurred by the O2 lawsuit in the United States in connection with the use of Beyond Innovation's products. However, on December 26, 2008, the Taiwan Taipei District Court rejected the claim for damages, and merged company did not approve the rejection. On January 16, 2019, the merged company filed an appeal to Taiwan High Court and obtained a judgment in its favor on November 27, 2019. However, Beyond Innovation filed an appeal to the Supreme Court on December 30, 2019, and the merged company is still waiting for the final decision of the Supreme Court before enforcing the decision.

(IV) The merged company received a court notice on July 20, 2020 regarding a lawsuit filed by the merged company's customer Jiangsu Lemote Tech Co., Ltd. (hereinafter referred to as Lemote) for transaction contract disputes. Lemote claimed that there were anomalies in the merged company's products and requested the refund of payments already made and payment for related damages with a total amount of RMB 4,266,789.46. It also filed for a property preservation ruling with Changshu People's Court for freezing bank deposits equivalent to the aforementioned value totaling RMB 4,300,000 (listed under other non-current assets). The Court rendered a ruling on August 27, 2021 that required Lemote to return the products of the merged company and required the merged company to refund payments totaling RMB 2,822,600 paid by Lemote, pay a compensation of RMB 900,000, and pay RMB litigation expenses of 374,581, totaling more than RMB 4.09 million. The merged company rejected the product anomaly stated by Lemote and the court ruling and filed an appeal to the Suzhou Intermediate People's Court in September 2021.

(V) As of December 31, 2021 and 2020, the Group had entered into purchase agreements for property, plant and equipment amounting to NT$53,386 thousand and NT$176,364 thousand, respectively, and had paid NT$30,759 thousand and NT$83,158 thousand, respectively, which were recorded as construction in progress of property, plant and equipment as well as other non-current assets.

X. Significant Disaster Loss: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

A summary of employee benefits, depreciation, and amortization by function is provided below:

By function / By nature	2021			2020		
	Operation Costs	**Operation Expenses**	**Total**	**Operation Costs**	**Operation Expenses**	**Total**
Employee benefits						
Salary expense	1,749,820	951,198	2,701,018	1,592,340	882,424	2,474,764
Insurance expense	6,454	65,571	72,025	5,789	61,535	67,324
Pension expense	89,111	40,991	130,102	49,132	34,572	83,704
Other employee benefit expense	51,320	37,001	88,321	37,783	34,849	72,632
Depreciation expenses	251,182	88,667	339,849	228,503	88,354	316,857
Amortization expenses	378	4,354	4,732	355	3,536	3,891

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

XIII. Supplementary Disclosures

(I) Information on Significant Transactions

In accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, information on significant transactions is disclosed as follows:

1. Financing provided to other parties: None.
2. Guarantees and endorsements provided to other parties: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Securities Holding Company	Type and Name of Securities	Relationship with Issuer of Securities	Ledger Account	Ending Balance				Maximum shareholding percentage during the period	Remark
				Shares/Units	Carrying amount	Percentage of shareholding	Fair value		
The Company	Stock:								
	Mekong Resort Development Construction Co., Ltd.	–	Financial assets at fair value through profit or loss	1,905,750	71,632	8.25	71,632	8.25	
	Beneficiary certificates:								
	Fuh Hwa Ruei Neng Fund I	–	〃	5,000,000	55,589	-	55,589	-	
	Fuh Hwa Ruei Neng Fund I	–	〃	4,000,000	45,058	-	45,058	-	
	Fuh Hwa Guardian Fund	–	〃	3,504,199	64,647	-	64,647	-	
	Fuh Hwa Ruei Hua Fund	–	〃	1,961,169	21,182	-	21,182	-	
	Fuh Hwa Jhih Neng Fund I	–	〃	3,000,000	31,918	-	31,918	-	
	Taiwan ESG	–	〃	400,000	14,364	-	14,364	-	
	Private equity fund:								
	Mesh Cooperative Ventures Fund	–	〃	12,000,000	12,000	2.46	12,000	2.46	
					316,390		316,390	-	
	Stock:								
	Voltronic Power Technology Corp.	Other related party	Financial assets at fair value through other comprehensive income	4,021,822	6,213,715	4.60	6,213,715	5.15	
	JESS-LINK Products Co., Ltd.	–	〃	8,492,000	351,144	6.96	351,144	6.96	
	WT Microelectronics Co., Ltd.	–	〃	1,000,000	48,950	0.74	48,950	0.74	
	Taiwan Cement Corp.	–	〃	50,000	2,400	-	2,400	-	
	Taiwan Semiconductor Manufacturing Co., Ltd.	–	〃	10,000	6,150	-	6,150	-	
	TOT BIOPHARM International Co., Ltd.	–	〃	1,195,200	18,118	0.19	18,118	0.20	
	Eastern Union Interactive Corp.	–	〃	880,000	58,667	4.43	58,667	4.43	
The Company	Stock:								
	Guoyu Global Co., Ltd.	–	Financial assets at fair value through other comprehensive income	50,000	5,000	16.67	5,000	16.67	
	Taiwan Truewin Technology Co., Ltd.	–	〃	50,000	32,500	2.85	32,500	2.85	
					6,736,644		6,736,644		
WUXI Zhonghan	Wuxi Lead Solar Energy Co., Ltd.	–	〃	-	-	12.04	-	12.04	
FSP Jiangsu	Powerland Technology Inc.	–	〃	-	26,494	3.54	26,494	4.22	
					6,763,138		6,763,138	-	
The Company	Bond:								
	Novaland Group (NYL)	–	Financial assets at amortized cost	9,000	10,800	-	10,800	-	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

4. Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300,000 thousand or 20% of the paid-in capital:

Unit: Shares

Company Name	Marketable Securities Type and Name	Ledger Account	Counterparty	Relationship	Beginning of Period		Purchase		Sale				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Carrying Cost	Gains (Losses) on Disposal	Shares	Amount
The Company	Stock: Voltronic Power Technology Corp.	Financial assets at fair value through other comprehensive income			4,500,822	5,040,921	-	-	479,000	660,425	2,260	658,165	4,021,822	6,213,715 (Note)

Note: Ending balance includes unrealized valuation gain (loss) of financial assets.

5. Acquisition of real estate at costs which exceed NT$300,000 thousand or 20% of the paid-in capital: None.

6. Disposal of real estate at prices which exceed NT$300,000 thousand or 20% of the paid-in capital: None.

7. Total purchases from and sales to related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	(Sales)	(497,301)	(4.04)	Note 1			176,243	5.21	
The Company	FSP North America	Substantive related party of the Company	(Sales)	(586,236)	(4.76)	Note 1			147,782	4.37	
The Company	FSP Power Solution GmbH	Substantive related party of the Company	(Sales)	(589,751)	(4.79)	Note 1			305,772	9.05	
The Company	Fortron/ Source (Europa) GmbH	Substantive related party of the Company	(Sales)	(418,581)	(3.40)	Note 1			75,109	2.22	
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	(Sales)	(328,551)	(2.67)	Note 1			138,416	4.09	Note 6
The Company	FSP Technology USA Inc.	100% owned investment via direct shareholding	(Sales)	(131,045)	(1.06)	Note 1			56,617	1.67	Note 6
The Company	Huili	100% owned investment via indirect shareholding	Purchases (Note 2)	939,867	10.80	Note 4		Note 4	(104,088) (Note 3)	(2.77)	Note 6
The Company	Zhonghan	100% owned investment via indirect shareholding	Purchases (Note 2)	433,479	4.98	Note 4		Note 4	(42,251) (Note 3)	(1.12)	Note 6
The Company	WUXI SPI	100% owned investment via indirect shareholding	Purchases (Note 2)	237,150	2.72	Note 4		Note 4	(17,971) (Note 3)	(0.48)	Note 6
The Company	Voltronic	The Company is the Director of this company	Purchases	210,723	2.42	Note 5			(90,024)	(2.39)	

Notes to Consolidated Financial Statements of FSP Technology Inc. and Subsidiaries (Continued)

Company	Related Party	Relationship	Transaction Situation				Unusual Transaction Terms and Reasons		Notes and Accounts Receivable (Payable)		Remark
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of total notes and accounts receivable (payable)	
The Company	3Y Power	65.87% owned investment via direct shareholding	Purchases	260,047	2.99	Note 1			(81,547)	(2.17)	Note 6
3Y Power	3Y Power Technologh Inc.	100% owned investment via direct shareholding	(Sales)	(315,435)	(17.16)	Note 1			80,601	12.03	Note 6
3Y Power	Huili	Affiliate	Purchases (Note 2)	247,178	17.99	Note 4		Note 4	(22,094) (Note 3)	(3.82)	Note 6

Note 1. The Company's trading terms for this related party are not significantly different from those of other customers.

Note 2. Including purchases of products, purchases of raw materials and processing.

Note 3. Including accounts payable arising from purchases of products and raw materials and processing fee.

Note 4. The transaction price is not available for regular customers for comparison, and the credit term is 5 days after the monthly settlement.

Note 5. The Group does not purchase similar products from other manufacturers, so there is no transaction price from regular manufacturers for comparison. The payment terms were not significantly different from those of regular manufacturers.

Note 6. Eliminated under consolidation.

8. Receivables from related parties which exceed NT$100,000 thousand or 20% of the paid-in capital:

Company with accounts receivable	Related Party	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery from overdue receivables from related parties (Note)	Loss allowance
					Amount	Action taken		
The Company	Sparkle Power Inc.	The Chairman of the Company is the second-degree relatives of the entity's Chairman	176,243	2.98	-		126,119	-
The Company	FSP Power Solution GmbH	Substantive related party of the Company	305,772	2.71	-		122,751	-
The Company	FSP North America	Substantive related party of the Company	147,782	4.85	-		34,022	-
The Company	WUXI Zhonghan	100% owned investment via indirect shareholding	138,416	2.20	-		109,459	-
Huili	The Company	100% owned investment via indirect shareholding	104,088	9.19	-		104,088	-

Note: As of March 4, 2022.

9. Derivative instruments transactions: None.

10. Business relationship and significant intercompany transactions:

Number (Note 1)	Company	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Ledger Account	Amount	Transaction Term	Percentage of Consolidated operating income or total assets (Note 3)
0	The Company	3Y Power	1	Cost of goods sold	260,047	No significant difference from other suppliers	1.56%
0	The Company	Huili	1	Cost of goods sold	939,867	No comparison is available	5.64%
0	The Company	Zhonghan	1	Cost of goods sold	433,479	No comparison is available	2.60%
0	The Company	WUXI SPI	1	Cost of goods sold	237,150	No comparison is available	1.42%
0	The Company	WUXI Zhonghan	1	Operating revenue	328,551	No significant difference from other customers	1.97%
1	3Y Power	3Y Power Tochnology Inc.	3	Operating revenue	315,435	No significant difference from other customers	1.89%
1	3Y Power	Huili	3	Cost of goods sold	247,178	No comparison is available	1.48%

Note 1. Fill in the number per below:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2. The relationships with counterparty are as follows:

1. The parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3. Information is disclosed only for the amounts that exceed 1% of total consolidated assets (balance sheet items) and 1% of total revenue (income statement items).

(II) Information on Invested Companies:

Investment information in 2021 is as follows:

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		Ending Balance			Maximum shareholding during the period	Profit (Loss) of Investee for the Period (Note 1 & 2)	Investment gain (loss) recognized for the period (Note 1 & 2)	Remark
				Ending Balance for the Current Period	At the end of last year	Shares	Shareholding (%)	Carrying amount				
The Company	FSP International Inc. (BVI)	British Virgin Islands	Investment holdings	1,241,751	1,241,751	32,202,500	100.00	2,199,388	1,241,751	108,773	108,773	Subsidiary
	FSP Group Inc.	British Cayman Islands	Engaged in safety certification	1,752	1,752	50,000	100.00	372	1,752	(110)	(110)	Subsidiary
	Amacrox Technology Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	40,925	40,925	1,109,355	100.00	60,168	40,925	850	850	Subsidiary
	3Y Power	Taiwan	Manufacturing and trading of power supply	304,406	304,406	16,309,484	65.87	663,717	304,406	134,172	88,389	Subsidiary
	Harmony Trading (HK) Ltd.	Hong Kong	Investment holdings	45	45	10,000	100.00	1,788	45	(86)	(86)	Subsidiary
	FSP Technology USA Inc.	U.S.A.	Business development and product technical service	3,143	3,143	100,000	100.00	1,853	3,143	276	276	Subsidiary
	FSP Turkey	Turkey	Business development and product technical service	22,640	-	6,673,000	91.41	16,989	22,640	4,951	4,526	Subsidiary
FSP International Inc. (BVI)	FSP Technology Inc. (BVI)	British Virgin Islands	Investment holdings	62,883	62,883	2,100,000	100.00	121,029	62,883	3,791	-	Sub-subsidiary
	Power Electronics Co., Ltd. (BVI)	British Virgin Islands	Investment holdings	217,707	217,707	7,000,000	100.00	217,707	217,707	437	-	Sub-subsidiary
	Famous Holding Ltd.	Samoa	Investment holdings	807,483	807,483	27,000,000	100.00	1,358,711	807,483	58,092	-	Sub-subsidiary
	Proteck Electronics (Samoa) Corp.	Samoa	Investment holdings	32,984	32,984	1,100,000	100.00	16,069	32,984	(7,993)	-	Sub-subsidiary
	FSP International (HK) Ltd.	Hong Kong	Investment holdings	141,042	141,042	4,770,000	100.00	72,009	141,042	58,126	-	Sub-subsidiary
Amacrox Technology Co., Ltd. (BVI)	Amacrox GmbH	Germany	Trading of power supply	18,181	18,181	25,000	100.00	2,871	18,181	332	-	Sub-subsidiary
	FSP Group USA Corp.	U.S.A.	Trading of power supply	14,903	14,903	247,500	45.00	26,947	14,903	7,299	3,284	Associate
	Proteck Power North America Inc.	U.S.A.	Investment holdings	3,279	3,279	1,000	100.00	14,778	3,279	(2,469)	-	Sub-subsidiary
3Y Power	3Y Power Technology Inc.	U.S.A.	Trading of power supply	233,850	233,850	600,000	100.00	220,428	233,850	37,349	-	Sub-subsidiary
	Luckyield Co., Ltd.	Samoa	Investment holdings	4,500	4,500	45,000	100.00	3,768	4,500	26	-	Sub-subsidiary

Note 1. The investment gain or loss recognized by the company is based on the financial statements of the investees audited by the CPA of the parent company in Taiwan and accounted for under the equity method, except for the financial statements of 3Y Power, 3Y Power Technology Inc. and Luckyied Co. which are audited by other CPA.

Note 2. The profit and loss of the sub-subsidiary has been consolidated into the profit and loss of the subsidiary. The transactions between the Company and each subsidiary of the Group including sales transaction amount, accounts receivable and payable, carrying amount of long-term equity investment and investment profit and loss recognized in the current period, have been eliminated in preparing the consolidated financial statements.

(III) Information on investment in Mainland China:

1. Information on the name of investee company in Mainland China and their main businesses and products

Investee Company	Main Business Activities	Paid-in Capital	Method of Investments (Note 1)	Accumulated Amount of Investments Remitted from Taiwan at Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted from Taiwan at End of Period	Maximum shareholding during the period	Profit (Loss) of Investee for the Period	Percentage of ownership of direct or indirect investment	Share of profits/losses for the period (Note 3 & 4)	Carrying amount of investment at the end of the period (Note 3 & 4)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated							
Huili	Processing of power supply	145,090	(II), 1	176,873	-	-	176,873	176,873	(6,735)	100.00	(6,735)	334,217	197,299
Zhonghan	Processing of power supply	224,107 (註二)	(II), 1	104,342	-	-	104,342	104,342	465	100.00	465	210,110	75,044
WUXI SPI	Processing of power supply	722,364 (Note 2)	(II), 1	508,326	-	-	508,326	693,140	(46,442)	100.00	(46,442)	124,058	-
WUXI Zhonghan	Manufacturing and trading of power supply	416,099	(II), 1	380,595	-	-	380,595	380,595	104,499	100.00	104,499	1,240,577	-
Zhong Han	Manufacturing and trading of power supply	130,320	(II), 1	20,196	-	-	20,196	20,196	86,745	100.00	86,745	747,135	-
FSP Jiangsu	Research & development and design of various energy saving technology	69,009 (Note 2)	(II), 1	13,380	-	-	13,380	13,380	3,791	100.00	3,791	122,715	-
Protek Dongguan	Processing of power supply	39,391	(II), 1	38,038	-	-	38,038	38,038	(7,988)	100.00	(7,988)	15,892	-
Hao Han	Transformer processing	163,673 (Note 2)	(II), 1	-	-	-	-	-	58,126	100.00	58,126	72,009	-
WUXI 3Y	Design, manufacturing and trading of power supplies	4,122	(II), 2	-	-	-	-	-	26	65.87	17	3,768	-

Note 1. Method of investment can be divided into the following 3 categories:

(I) Direct investment in mainland China.

(II) Indirect investment in mainland China through a holding company established in other countries

1. Through FSP International Inc. to invest in mainland China.

2. Through 3Y Power to invest in mainland China.

(III) Others.

Note 2. This includes the amount of capital contributed by a foreign subsidiary from its earnings or dividends from an investee company in China.

Note 3. The investment profits and losses and the carrying amount of the investment at the end of the period recognized by the company are based on the financial statements of the investee company audited by the CPA of Taiwan's parent company, except for WUXI 3Y, whose financial statements are audited by other CAP in Taiwan.

Note 4. Eliminated under consolidation.

2. The limit of investment in mainland China:

Accumulated investment in mainland China at the end of period	Investment amounts approved by Investment Commission, MOEA	Limit of investment in mainland China approved by Investment Commission, MOEA
1,241,750 (Note 2) (HK$12,500 thousand and US$35,640 thousand)	1,486,767 (Note 2) (HK$12,500 thousand and US$52,110 thousand)	7,925,377 (Note 1)

Note 1. 60% of net worth.

Note 2. For the amounts of the above investment in mainland China, except that the accumulated investment amount remitted from Taiwan to the mainland China at the end of the current period is based on the historical exchange rate, the investment profit and loss recognized in the current period is based on the weighted average exchange rate (USD/TWD: 1:28.0088, CNY/TWD: 1:4.3413, HKD/TWD: 1:3.6031). Paid-in capital, investment amount approved by the Investment Commission of MOEA, and the carrying amount at the end of the period is based on the exchange rates on December 31 2021 (USD/TWD: 1:27.6800, CNY/TWD: 1:4.3440, HKD/TWD: 1:3.5490).

3. Significant transactions with the investee company in mainland China:

   For the direct or indirect significant transactions between the Group and its investee companies in mainland China in 2021 (which were eliminated when preparing the consolidated report), please refer to the description of "Information on Significant Transactions".

(IV) Information on Major Shareholders:

Shareholding / Name of Major Shareholders	Shares	Percentage of Ownership
Chuan Han Investment Co., Ltd.	15,091,766	8.05%
Cheng, Ya-Jen	12,167,477	6.49%
Yang, Fu-An	11,792,834	6.29%
Wang, Tsung-Shun	11,605,794	6.19%

1. The information of major shareholders in this table was calculated by Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the shareholders who held more than 5% of the common shares and preferred shares of the Company that have been delivered (including treasury shares) were disclosed. The number of shares recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to different basis of preparation of the calculations.
2. If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. As for the insider declaration for shareholding more than 10% of total shares in accordance with the Securities and Exchange Act, their shareholding shall include the shares held by themselves plus the shares that they have delivered to the trust and have the right to exercise decision-making power over the trust property. For more information, please refer to Market Observation Post System website.
3. The percentage of shareholding is calculated by rounding to two decimal places.

XIV. Segment Information

(I) General information

In 2020, because WUXI Zhonghan reached the quantification threshold, the Group's segment increased to four as follows: The Company and its processing subsidiaries (including Huili, Zhonghan, WUXI SPI and Protek Dongguan), Zhonghan Tech., WUXI Zhonghan and 3Y Power, manufacture and sell their own products separately. The reportable segment of the Group is a product-specific business unit, and provides different products according to the functional requirements of customers. Since each product-specific business unit requires different technologies and marketing strategies, it has to be managed separately. The Group does not allocate income tax expenses to reportable segments. The reported amounts are consistent with the reports used by operation decision makers. The accounting policies of the operating segments are the same as the summary of significant accounting policies described in Note IV. Profit or loss of the operating segments of the Group is measured at net income before income taxes and are used as the basis for evaluating performance.

(II) Information on segment's profit or loss, assets, liabilities and reconciliation

The Group's operating segment information and reconciliation were as follows:

	2021						
	The Company and its processing subsidiaries	**3Y Power**	**Zhong Han**	**WUXI Zhonghan**	**Others**	**Adjustment and elimination**	**Consolidation**
Revenue:							
Revenue from external customers	$ 11,735,562	1,156,257	2,352,506	747,527	658,400	-	16,650,252
Intersegment revenue	2,496,855	662,467	16,135	27,740	78,539	(3,281,736)	-
Total revenue	$ 14,232,417	1,818,724	2,368,641	775,267	736,939	(3,281,736)	16,650,252
Segment profit (loss)	$ 611,229	117,881	96,410	23,641	110,461	978	960,600

	2020						
	The Company and its processing subsidiaries	**3Y Power**	**Zhong Han**	**WUXI Zhonghan**	**Others**	**Adjustment and elimination**	**Consolidation**
Revenue:							
Revenue from external customers	$ 10,409,338	1,229,401	1,958,213	822,759	376,749	-	14,796,460
Intersegment revenue	2,351,685	632,293	10,492	14,785	13,147	(3,022,402)	-
Total revenues	$ 12,761,023	1,861,694	1,968,705	837,544	389,896	(3,022,402)	14,796,460
Segment profit (loss)	$ 525,302	110,428	24,613	351,769	(73,883)	(4,185)	934,044

Note: As the total assets of the segment are not provided to the operation decision makers, it is not intended to disclose the measured amounts of the assets.

(III) Export sales information

1. Product and service information

   The Group is engaged in the single electronics business and does not operate in other industries. Its revenue from external customers is provided in the operating segment's financial information.

2. Geographic information

   Revenue from external customers:

Region	**2021**	**2020**
Taiwan	$ 3,543,739	2,868,035
China	6,501,642	6,236,624
U.S.A.	1,929,901	1,555,693
Germany	2,235,319	2,014,236
Others (below 5%)	2,439,651	2,121,872
Total	**$ 16,650,252**	**14,796,460**

Non-current Assets:

Region	2021.12.31	2020.12.31
Taiwan	$ 1,376,605	1,324,324
Mainland China	1,001,599	910,647
Other countries	30,767	36,127
Total	**$ 2,408,971**	**2,271,098**

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other assets, but exclude financial instruments, deferred tax assets and retirement benefits assets.

(IV) Major customer information

In 2021 and 2020, there were no customers whose sales revenue accounted for more than 10% of the revenue on the income statement.