Sinmag Equipment Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Thus, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINMAG EQUIPMENT CORPORATION

By:

HSIEH, SHUN-HO
Chairman

March 28, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of Sales Revenue

The Group has thousands of customers. The total revenue of major customers accounted for 32% of the total consolidated operating revenue. Some of the major customers have higher level of growth volatility in operating revenue than the average level of changes in the Group's overall consolidated operating revenue, resulting in a significant impact on the financial performance of the Group. Therefore, we deemed the validity of occurrence of sales revenue coming from major customers with high level of volatility in operating revenue as a key audit matter. Refer to the accounting policies related to revenue recognition in Note 4 to the consolidated financial statements.

The following audit procedures were performed in response to the abovementioned key audit matter:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Group's internal controls.

2. We selected samples of sales transactions, and reviewed sales orders, bills of lading or signed documents, invoices and receipts, in order to confirm the occurrence of sales revenue.

3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and previous year, and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the consolidated financial statements of the Group, but such financial statements were prepared using a different financial reporting framework and audited by other auditors in accordance with auditing standards generally accepted in the United States of America. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The total assets of LBC Bakery Equipment Inc. constituted 11% (NT$400,193 thousand) and 11% (NT$374,476 thousand), of the consolidated total assets as of December 31, 2021 and 2020, respectively, and total revenue constituted 14% (NT$593,734 thousand) and 16% (NT$530,416 thousand), of the consolidated total revenue for the years then ended, respectively.

We have also audited the parent company only financial statements of Sinmag Equipment Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chiang-Hsun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 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.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 634,661	17	$ 773,628	22
Financial assets at amortized cost - current (Notes 4, 7, 8 and 31)	38,709	1	1,329	-
Notes receivable (Notes 4, 9 and 22)	8,928	-	17,240	-
Trade receivables (Notes 4, 9 and 22)	543,348	15	477,393	14
Trade receivables from related parties (Notes 4, 22 and 30)	2,051	-	432	-
Other receivables (Notes 4 and 9)	23,955	1	19,320	1
Current tax assets (Notes 4 and 24)	1,805	-	1,988	-
Inventories (Notes 4 and 10)	829,656	22	624,587	18
Prepayments (Note 16)	12,679	-	23,266	1
Total current assets	2,095,792	56	1,939,183	56
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 31)	325,850	9	218,197	7
Property, plant and equipment (Notes 4, 12, 17 and 31)	1,070,009	29	1,020,344	30
Right-of-use assets (Notes 4, 13 and 31)	87,643	2	102,716	3
Goodwill (Notes 4 and 14)	3,254	-	3,254	-
Other intangible assets (Notes 4 and 15)	2,450	-	3,332	-
Deferred tax assets (Notes 4 and 24)	65,705	2	44,994	1
Other non-current assets (Notes 4 and 16)	67,160	2	114,715	3
Total non-current assets	1,622,071	44	1,507,552	44
TOTAL	$ 3,717,863	100	$ 3,446,735	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 31)	$ 350,784	9	$ 202,119	6
Contract liabilities (Notes 4 and 22)	151,274	4	82,558	2
Notes payable	31,745	1	14,879	-
Notes payable to related parties (Note 30)	570	-	500	-
Trade payables	275,113	7	265,898	8
Trade payables to related parties (Note 30)	13,745	-	6,053	-
Other payables (Notes 18 and 27)	230,335	6	242,497	7
Current tax liabilities (Notes 4 and 24)	95,945	3	169,814	5
Provisions - current (Notes 4 and 19)	22,905	1	24,332	1
Lease liabilities - current (Notes 4 and 13)	4,401	-	2,033	-
Current portion of long-term borrowings (Notes 17 and 31)	19,980	1	4,155	-
Total current liabilities	1,196,797	32	1,014,838	29
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 27 and 31)	2,674	-	21,346	1
Deferred tax liabilities (Notes 4 and 24)	83,053	3	58,643	2
Lease liabilities - non-current (Notes 4 and 13)	4,516	-	18,967	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	5,921	-	916	-
Total non-current liabilities	96,164	3	99,872	3
Total liabilities	1,292,961	35	1,114,710	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	502,302	14	502,302	15
Capital surplus	77,765	2	75,738	2
Retained earnings				
Legal reserve	586,956	16	552,755	16
Special reserve	159,572	4	160,753	5
Unappropriated earnings	1,267,530	34	1,136,995	33
Total retained earnings	2,014,058	54	1,850,503	54
Other equity	(191,235)	(5)	(159,572)	(5)
Total equity attributable to owners of the Company	2,402,890	65	2,268,971	66
NON-CONTROLLING INTERESTS (Notes 4 and 21)	22,012	-	63,054	2
Total equity	2,424,902	65	2,332,025	68
TOTAL	$ 3,717,863	100	$ 3,446,735	100

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 30)				
Sales	$ 4,271,511	99	$ 3,279,795	99
Service revenue	22,992	1	20,694	1
Total operating revenue	4,294,503	100	3,300,489	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 30)	(2,707,614)	(63)	(1,958,071)	(59)
Service cost	(3,618)	-	(2,679)	-
Total operating costs	(2,711,232)	(63)	(1,960,750)	(59)
GROSS PROFIT	1,583,271	37	1,339,739	41
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(508,465)	(12)	(477,779)	(15)
General and administrative expenses	(253,396)	(6)	(233,280)	(7)
Research and development expenses	(135,817)	(3)	(136,663)	(4)
Expected credit gain (loss) (Notes 4 and 9)	6,821	-	(3,176)	-
Total operating expenses	(890,857)	(21)	(850,898)	(26)
PROFIT FROM OPERATIONS	692,414	16	488,841	15
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	17,970	-	16,086	-
Other income	6,740	-	6,052	-
Other gains and losses	(11,292)	-	(12,909)	-
Finance costs	(3,566)	-	(5,280)	-
Total non-operating income and expenses	9,852	-	3,949	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	702,266	16	492,790	15
INCOME TAX EXPENSE (Notes 4 and 24)	(182,808)	(4)	(139,244)	(4)
NET PROFIT FOR THE YEAR	519,458	12	353,546	11

(Continued)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (6,936)	-	$ 1,335	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,387	-	(267)	-
	(5,549)	-	1,068	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(40,351)	(1)	(966)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	7,915	-	(295)	-
	(32,436)	(1)	(1,261)	-
Other comprehensive loss for the year, net of income tax	(37,985)	(1)	(193)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 481,473	11	$ 353,353	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 510,167	12	$ 340,940	10
Non-controlling interests	9,291	-	12,606	1
	$ 519,458	12	$ 353,546	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 472,955	11	$ 343,189	11
Non-controlling interests	8,518	-	10,164	-
	$ 481,473	11	$ 353,353	11
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 10.16		$ 6.79	
Diluted	$ 10.12		$ 6.77	

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 502,302	$ 75,738	$ 502,418	$ 101,655	$ 1,155,573	$ (160,753)	$ 2,176,933	$ 58,445	$ 2,235,378
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	50,337	-	(50,337)	-	-	-	-
Special reserve	-	-	-	59,098	(59,098)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(251,151)	-	(251,151)	-	(251,151)
Net profit for the year ended December 31, 2020	-	-	-	-	340,940	-	340,940	12,606	353,546
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,068	1,181	2,249	(2,442)	(193)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	342,008	1,181	343,189	10,164	353,353
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,555)	(5,555)
BALANCE AT DECEMBER 31, 2020	502,302	75,738	552,755	160,753	1,136,995	(159,572)	2,268,971	63,054	2,332,025
Changes in percentage of ownership interests in subsidiaries (Note 26)	-	2,027	-	-	-	-	2,027	(43,761)	(41,734)
Appropriation of 2020 earnings (Note 21)									
Legal reserve	-	-	34,201	-	(34,201)	-	-	-	-
Special reserve	-	-	-	(1,181)	1,181	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(341,063)	-	(341,063)	-	(341,063)
Net profit for the year ended December 31, 2021	-	-	-	-	510,167	-	510,167	9,291	519,458
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(5,549)	(31,663)	(37,212)	(773)	(37,985)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	504,618	(31,663)	472,955	8,518	481,473
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,799)	(5,799)
BALANCE AT DECEMBER 31, 2021	$ 502,302	$ 77,765	$ 586,956	$ 159,572	$ 1,267,530	$ (191,235)	$ 2,402,890	$ 22,012	$ 2,424,902

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

(With Deloitte & Touche auditors' report dated March 28, 2022)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 702,266	$ 492,790
Adjustments for:		
Expected credit loss (reversed) recognized on receivables	(6,821)	3,176
Depreciation expense	85,359	81,434
Amortization expense	1,041	1,139
Write-downs of inventories	5,126	11,364
Finance costs	3,566	5,280
Recognition of provisions	20,917	23,675
Interest income	(17,970)	(16,086)
Loss on disposal of investment	63	-
Gain on lease modification	(594)	-
Loss on disposal of property, plant and equipment	6,948	2,222
Net (gain) loss on foreign currency exchange	(1,034)	2,549
Changes in operating assets and liabilities		
Notes receivable	7,967	2,869
Trade receivables	(68,532)	(1,722)
Trade receivables from related parties	(1,622)	(257)
Other receivables	5,399	(4,422)
Inventories	(220,907)	(2,809)
Prepayments	9,742	1,786
Notes payable	16,874	(5,999)
Notes payable from related parties	70	161
Trade payables	11,361	19,059
Trade payables from related parties	7,984	(985)
Other payables	3,857	(31,580)
Contract liabilities	70,056	(3,700)
Provisions	(22,015)	(24,118)
Net defined benefit liabilities - non-current	(1,931)	(2,401)
Cash generated from operations	617,170	553,425
Income tax paid	(242,512)	(80,243)
Net cash generated from operating activities	374,658	473,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(171,281)	(514,735)
Proceeds from sale of financial assets at amortized cost	19,553	346,535
Purchase of financial assets at fair value through profit or loss	(1,632,216)	(85,100)
Proceeds from sale of financial assets at fair value through profit or loss	1,632,216	85,100
Payments for property, plant and equipment	(88,729)	(36,296)
Proceeds from disposal of property, plant and equipment	1,790	596
Payments for intangible assets	(184)	(2,233)
Increase in other non-current assets	(23,465)	(59,153)

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SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

	2021	2020
Decrease in other non-current assets	$ 63	$ 13
Interest received	7,452	13,780
Net cash used in investing activities	(254,801)	(251,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	856,087	751,336
Repayments of short-term borrowings	(705,000)	(663,391)
Repayments of long-term borrowings	(3,964)	(60,354)
Repayment of the principal portion of lease liabilities	(4,899)	(3,900)
Dividends paid to owners of the Company	(341,063)	(251,151)
Interests paid	(3,392)	(5,227)
Dividends paid to non-controlling interests	(5,799)	(5,555)
Changes in non-controlling interest	(41,734)	-
Net cash used in financing activities	(249,764)	(238,242)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(9,060)	(7,794)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(138,967)	(24,347)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	773,628	797,975
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 634,661	$ 773,628

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

(With Deloitte & Touche auditors' report dated March 28, 2022) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the “Company”) was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2021. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEx) since December 2007.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 15, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned on such financial assets are recognized in interest income.

ii. Financial assets at amortized cost.

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

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

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

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

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

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

ii. When a financial asset’s aging is more than 300 days (depending on individual circumstances) unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

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

l. Provisions

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

Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

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

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Group provides maintenance services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

n. Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

All of borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Group had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 4,455	$ 4,209
Checking accounts	88,505	75,607
Demand deposits	479,278	562,502
Cash equivalents		
Time deposits with original maturities of less than 3 months	62,423	131,310
	$ 634,661	$ 773,628

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

	December 31	
	2021	**2020**
Bank balance (including time deposits)	0.001%-1.755%	0.0001%-3%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2021	December 31 2020
Current		
Time deposits with original maturities over 3 months from the date of acquisition (Note a)	$ 37,794	959
Restricted assets - bank deposits (Note c)	915	370
	$ 38,709	$ 1,329
Non-current		
Restricted assets - time deposits with original maturities over 3 months from the date of acquisition (Note a and c)	$ 50	$ 115
Time deposits with original maturities over 3 months from the date of acquisition (Note a)	325,800	218,082
	$ 325,850	$ 218,197

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.45%-3.9% and 0.70%-6.50% per annum as of December 31, 2021 and 2020, respectively.

b. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31 2021	December 31 2020
Gross carrying amount	$ 364,559	$ 219,526
Less: Allowance for impairment loss	-	-
	$ 364,559	$ 219,526

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Group’s exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Group evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost	$ 9,012	$ 17,330
Less: Allowance for impairment loss	(84)	(90)
	$ 8,928	$ 17,240
Trade receivables		
At amortized cost	$ 568,832	$ 512,395
Less: Allowance for impairment loss	(25,484)	(35,002)
	$ 543,348	$ 477,393
Overdue receivables		
At amortized cost	$ 7,550	$ 5,552
Less: Allowance for impairment loss	(7,550)	(5,552)
	$ -	$ -
Other receivables		
Tax refund receivables	$ 21	$ 5,338
Interest receivables	12,907	2,389
Others	11,027	11,593
	$ 23,955	$ 19,320

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate.

The following table details the loss allowance of notes receivable based on the Group's past default experience of the debtor:

	December 31	
	2021	**2020**
Expected credit loss rate	0%-2.02%	0%-1.55%
Gross carrying amount	$ 9,012	$ 17,330
Loss allowance (Lifetime ECLs)	(84)	(90)
Amortized cost	$ 8,928	$ 17,240

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 90	$ 93
Foreign exchange gains and losses	(6)	(3)
Balance at December 31	$ 84	$ 90

b. Trade receivables

The average credit period of sales of goods was 60-150 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0.14%-9.76%	0.48%-12.67%	2.74%-34.41%	6.76%-99.71%	9.45%-100%	14.69%-100%	
Gross carrying amount	$ 379,321	$ 145,050	$ 25,563	$ 6,339	$ 4,826	$ 7,733	$ 568,832
Loss allowance (Lifetime ECLs)	(13,215)	(5,575)	(1,886)	(699)	(589)	(3,520)	(25,484)
Amortized cost	$ 366,106	$ 139,475	$ 23,677	$ 5,640	$ 4,237	$ 4,213	$ 543,348

December 31, 2020

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0%-13.48%	0.38%-24.49%	1.31%-52.54%	6.90%-80.48%	11.24%-100%	17.02%-100%	
Gross carrying amount	$ 357,494	$ 99,800	$ 33,261	$ 9,090	$ 3,704	$ 9,046	$ 512,395
Loss allowance (Lifetime ECLs)	(17,285)	(5,461)	(2,487)	(865)	(2,913)	(5,991)	(35,002)
Amortized cost	$ 340,209	$ 94,339	$ 30,774	$ 8,225	$ 791	$ 3,055	$ 477,393

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 35,002	$ 34,833
Add: Net remeasurement of loss allowance	-	326
Less: Net remeasurement of loss allowance	(8,833)	-
Less: Amounts written off	(105)	(182)
Foreign exchange gains and losses	(580)	25
Balance at December 31	$ 25,484	$ 35,002

c. Overdue receivables

The Group measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2021 and 2020, the rate of expected credit loss of overdue receivables was 100%.

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 5,552	$ 3,585
Add: Net remeasurement of loss allowance	2,012	2,850
Less: Amounts written off	-	(906)
Foreign exchange gains and losses	(14)	23
Balance at December 31	$ 7,550	$ 5,552

d. Other receivables

Other receivables consist of tax refund receivables, interest receivables, advances to employees, etc. The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to assess whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2021 and 2020, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 140,760	$ 85,289
Finished goods	191,525	128,866
Work in progress	158,241	184,032
Raw materials	281,305	200,521
Inventory in transit	57,825	25,879
	$ 829,656	$ 624,587

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

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 2,702,488	$ 1,946,707
Inventory write-downs	5,126	11,364
	$ 2,707,614	$ 1,958,071

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2021	2020	Remark
Sinmag Equipment Corporation	Lucky Union Limited	Holding company	100.00	100.00	-
	Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	Benchmark Service Co., Ltd. (Note 2)	Maintenance service	-	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 3)	Selling of bakery equipment	97.24	-	Main operating risk is exchange rate risk
Lucky Union Limited	Sinmag Limited	Holding company	100.00	100.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020	Remark
Sinmag Limited	Sinmag Equipment (China) Co., Ltd.	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	50.00	50.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Sinmag Bakery Equipment Sdn. Bhd.	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc. (Note 3)	Selling of bakery equipment	-	82.82	Main operating risk is exchange rate risk
	Sinmag Bakery Machine India Private Limited	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk

(Concluded)

Note 1: After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd.

Note 2: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand. However, considering the Group's policy, the board of directors resolved on March 18, 2021 to liquidate Benchmark Service Co., Ltd. and to handle deregistration, which was completed the relevant procedures in August 2021.

Note 3: After undertaking structural reorganization in April 2021, the Company directly held LBC Bakery Equipment Inc. In addition, the Company bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Company increased from 82.82 % to 97.24%. The transaction was recognized as equity investment under equity method since it does not change the control of the LBC Bakery Equipment Inc. Refer to Note 26 for further information on equity transaction with non-controlling interests.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction (Note 17)	Total
Cost								
Balance at January 1, 2021	$ 94,530	$ 995,145	$ 355,703	$ 16,610	$ 58,212	$ 103,950	$ -	$ 1,624,150
Additions	-	940	26,890	1,393	4,791	41,020	2,674	77,708
Disposals	-	(14,149)	(15,931)	(929)	(1,825)	(3,247)	-	(36,081)
Effects of foreign currency exchange differences	(635)	(11,372)	(2,737)	(460)	(1,579)	(1,290)	-	(18,073)
Reclassification (Note)	-	-	45,915	-	2,653	22,930	-	71,498
Balance at December 31, 2021	$ 93,895	$ 970,564	$ 409,840	$ 16,614	$ 62,252	$ 163,363	$ 2,674	$ 1,719,202
Accumulated depreciation								
Balance at January 1, 2021	$ -	$ 229,581	$ 249,313	$ 12,130	$ 44,365	$ 68,417	$ -	$ 603,806
Disposals	-	(8,421)	(13,852)	(836)	(1,412)	(2,822)	-	(27,343)
Depreciation expense	-	36,859	21,982	1,416	5,411	13,192	-	78,860
Effect of foreign currency exchange differences	-	(2,022)	(1,976)	(327)	(1,137)	(668)	-	(6,130)
Balance at December 31, 2021	$ -	$ 255,997	$ 255,467	$ 12,383	$ 47,227	$ 78,119	$ -	$ 649,193
Carrying amount at December 31, 2021	$ 93,895	$ 714,567	$ 154,373	$ 4,231	$ 15,025	$ 85,244	$ 2,674	$ 1,070,009

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction (Note 17)	Total
Cost								
Balance at January 1, 2020	$ 95,721	$ 986,709	$ 347,854	$ 14,916	$ 59,503	$ 96,632	$ -	$ 1,601,335
Additions	-	862	2,687	1,882	4,167	10,761	-	20,359
Disposals	-	(201)	(6,664)	(299)	(4,183)	(5,457)	-	(16,804)
Effects of foreign currency exchange differences	(1,191)	7,775	4,648	111	(1,275)	1,463	-	11,531
Reclassification (Note)	-	-	7,178	-	-	551	-	7,729
Balance at December 31, 2020	$ 94,530	$ 995,145	$ 355,703	$ 16,610	$ 58,212	$ 103,950	$ -	$ 1,624,150
Accumulated depreciation								
Balance at January 1, 2020	$ -	$ 189,684	$ 226,735	$ 10,768	$ 43,067	$ 65,321	$ -	$ 535,575
Disposals	-	(99)	(5,528)	(178)	(3,740)	(4,441)	-	(13,986)
Depreciation expense	-	37,135	24,955	1,472	5,826	6,512	-	75,900
Effect of foreign currency exchange differences	-	2,861	3,151	68	(788)	1,025	-	6,317
Balance at December 31, 2020	$ -	$ 229,581	$ 249,313	$ 12,130	$ 44,365	$ 68,417	$ -	$ 603,806
Carrying amount at December 31, 2020	$ 94,530	$ 765,564	$ 106,390	$ 4,480	$ 13,847	$ 35,533	$ -	$ 1,020,344

(Concluded)

Note: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

The property, plant and equipment used by the Group are not leased under operating leases.

No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there was no indication of impairment.

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

Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-10 years
Other equipment	3-10 years

The significant part of the Group's buildings includes main buildings, mechanical and electrical power equipment and construction system etc., and are depreciated over their estimated useful lives of 20 to 50 years, 10 to 15 years and 3 to 20 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 78,236	$ 87,168
Buildings	9,407	15,548
	$ 87,643	$ 102,716

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 7,541	$ 1,684
Depreciation charge for right-of-use assets		
Land	$ 1,651	$ 1,815
Buildings	4,848	3,719
	$ 6,499	$ 5,534

The Group did not recognize or reverse an impairment loss for the years ended December 31, 2021 and 2020.

As of December 31, 2021, the Group acquired the land use rights certificates, which are for land located in mainland China.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 31.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 4,401	$ 2,033
Non-current	$ 4,516	$ 18,967

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	-	4.57%
Buildings	1.00%-5.30%	1.15%-5.30%

c. Material lease-in activities and terms

The Group leases certain land use rights and buildings for the use of offices, dormitories, warehouses and parking lots with lease terms of 2 to 99 years. The Group does not have bargain purchase options to acquire the land use rights and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 5,848	$ 7,253
Expenses relating to low-value asset leases	$ 485	$ 388
Total cash outflow for leases	$ (11,290)	$ (11,121)

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

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 354	$ 349

14. GOODWILL

	For the Year Ended December 31	
	2021	2020
Cost		
Balance at January 1	$ 3,254	$ 3,254
Additions (deductions)	-	-
Balance at December 31	$ 3,254	$ 3,254

15. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 18,279
Additions	184
Effect of foreign currency exchange differences	(118)
Balance at December 31, 2021	$ 18,345
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 14,947
Amortization expense	1,041
Effect of foreign currency exchange differences	(93)
Balance at December 31, 2021	$ 15,895
Carrying amount at December 31, 2021	$ 2,450

(Continued)

	Computer Software
Cost	
Balance at January 1, 2020	$ 15,779
Additions	2,233
Effect of foreign currency exchange differences	267
Balance at December 31, 2020	$ 18,279
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 13,600
Amortization expense	1,139
Effect of foreign currency exchange differences	208
Balance at December 31, 2020	$ 14,947
Carrying amount at December 31, 2020	$ 3,332

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

16. OTHER ASSETS

	December 31	
	2021	2020
Current		
Other prepayments		
Prepayments for purchase	$ 2,811	$ 9,395
Prepaid expenses	9,868	13,871
	$ 12,679	$ 23,266
Non-current		
Other assets		
Refundable deposits (Note)	$ 7,037	$ 10,258
Prepayments for equipment	55,722	95,645
Prepayments - non-current	4,401	8,812
	$ 67,160	$ 114,715

Note: The Group considers the historical default rates of each credit rating supplied by external rating agencies and the current financial condition of debtors to estimate 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Group evaluated the expected credit loss rates of its refundable deposits as 0%.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 31)		
Bank loans	$ 90,000	$ -
Unsecured borrowings		
Line of credit borrowings	260,784	202,119
	$ 350,784	$ 202,119

1) The interest rate on bank loans was 1.00% as of December 31, 2021.

2) The range of weighted average effective interest rates on line of credit borrowings was 0.88%-1.30% and 0.88%-1.26% per annum as of December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 31)		
Bank loans - UOB	$ 19,980	$ 25,501
Long-term borrowings - Urban Regeneration (Note 27)	2,674	-
Less: Current portion	(19,980)	(4,155)
Long-term borrowings	$ 2,674	$ 21,346

The long-term borrowings from UOB in the amount of $39,435 thousand (MYR6,000 thousand) are secured by the Group’s right-of-use assets and buildings (Note 31) and will be repayable on May 5, 2022. As of December 31, 2021 and 2020, the Group used $19,980 thousand (MYR3,144 thousand) and $25,501 thousand (MYR3,756 thousand) of its long-term borrowing facilities, with an interest rate equivalent to the bank’s effective interest rates of 3.44%-3.45% and 3.74%-4.86%, respectively. On June 5, 2017, the Group started to pay interests and principal monthly, in a total of 60 installments. The purpose of this bank borrowing facility was for the acquisition of land use right and plant.

The Group participated in the “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Urban Renewal Plan” (the “Plan”). The Plan, which was implemented by the original landowner and legal building owner with “Taipei City, Da-An District, Huaisheng Section 2, No. 316, 316-2 Association” (the “Association”), was approved by the municipal authority. To assure that the Plan would be carried out as expected, the Association signed the property trust contract with the Trust Department of Hua Nan Commercial Bank, and the Association applied the property financing arrangement to Hua Nan Commercial Bank which states that the borrowings are managed by the trust account of Hua Nan Commercial Bank. Upon completion of the project, the expense accrued from the project will be allocated proportionately to the original landowner and legal building owner based on the value of the property rights within the scope of the area as stated in the Plan. As of December 31, 2021, the expense allocated to the Group was $2,674 thousand and the borrowing rate was 2.08%.

18. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries or bonuses	$ 152,694	$ 132,843
Payables for professional service fees	3,568	4,378
Payables for employee welfare fund	5,891	3,778
Accrued interest payable	312	138
Payables for business tax	8,344	22,005
Payables for equipment (Note 27)	3,139	16,834
Others	56,387	62,521
	$ 230,335	$ 242,497

19. PROVISIONS

	December 31	
	2021	2020
Current		
Warranties	$ 22,905	$ 24,332

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 24,332	$ 24,875
Additional provisions recognized	20,917	23,675
Amount used	(22,015)	(24,118)
Effect of foreign currency exchange differences	(329)	(100)
Balance at December 31	$ 22,905	$ 24,332

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in mainland China, Malaysia, U.S.A., India and Thailand are members of a state-managed retirement benefit plan operated by the local governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ 48,210	$ 58,241
Fair value of plan assets	(42,289)	(57,325)
Deficit (surplus)	5,921	916
Asset ceiling	-	-
Net defined benefit liabilities	$ 5,921	$ 916

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2020	$ 57,029	$ (52,377)	$ 4,652
Service cost			
Current service cost	336	-	336
Net interest expense (income)	428	(404)	24
Recognized in profit or loss	764	(404)	360
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,783)	(1,783)
Actuarial loss - changes in demographic assumptions	47	-	47
Actuarial loss - changes in financial assumptions	1,325	-	1,325
Actuarial (gain) - experience adjustments	(924)	-	(924)
Recognized in other comprehensive income	448	(1,783)	(1,335)
Contributions from the employer	-	(2,761)	(2,761)
Balance at December 31, 2020	$ 58,241	$ (57,325)	$ 916

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 58,241	$ (57,325)	$ 916
Service cost			
Current service cost	240	-	240
Net interest expense (income)	290	(292)	(2)
Recognized in profit or loss	530	(292)	238
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(670)	(670)
Actuarial loss - changes in demographic assumptions	1,286	-	1,286
Actuarial (gain) - changes in financial assumptions	(599)	-	(599)
Actuarial loss - experience adjustments	6,919	-	6,919
Recognized in other comprehensive income	7,606	(670)	6,936
Contributions from the employer	-	(2,169)	(2,169)
Benefits paid	(18,167)	18,167	-
Balance at December 31, 2021	$ 48,210	$ (42,289)	$ 5,921

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

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

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

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

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

	December 31	
	2021	2020
Discount rate(s)	0.625%	0.500%
Expected rate(s) of salary increase	2.500%	2.500%

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

	December 31	
	2021	**2020**
Discount rate(s)		
0.25% increase	$ (1,194)	$ (1,325)
0.25% decrease	$ 1,238	$ 1,373
Expected rate(s) of salary increase		
0.25% increase	$ 1,194	$ 1,324
0.25% decrease	$ (1,159)	$ (1,285)

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

	December 31	
	2021	**2020**
Expected contributions to the plans for the next year	$ -	$ 2,717
Average duration of the defined benefit obligation	10.0 years	9.2 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	75,738	75,738
May only be used to offset a deficit**		
Changes in percentage of ownership interests in subsidiaries	2,027	-
	$ 77,765	$ 75,738

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account stockholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to stockholders as dividends and bonuses, in the form of cash or stock dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 which were approved in the shareholders' meetings on August 13, 2021 and June 20, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 34,201	$ 50,337
Special reserve	$ (1,181)	$ 59,098
Cash dividends	$ 341,063	$ 251,151
Cash dividends per share (NT$)	$ 6.79	$ 5

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 15, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ -
Special reserve	$ 31,663
Cash dividends	$ 351,612
Cash dividends per share (NT$)	$ 7

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on May 31, 2022.

d. Special reserve

	December 31	
	2021	**2020**
Appropriation in respect of:		
Debit to other equity items	$ 105,239	$ 106,420
First-time adoption of IFRSs	54,333	54,333
	$ 159,572	$ 160,753

e. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ (159,572)	$ (160,753)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(39,641)	1,476
Related income tax	7,928	(295)
Reclassification adjustments		
Disposal of foreign operations (Note 23)	63	-
Related income tax	(13)	-
Other comprehensive income recognized for the year	(31,663)	1,181
Balance at December 31	$ (191,235)	$ (159,572)

f. Non-controlling interests

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 63,054	$ 58,445
Share in profit for the year	9,291	12,606
Other comprehensive income during the year		
Exchange differences on the translation of the financial statements of foreign operations	(773)	(2,442)
Cash dividend	(5,799)	(5,555)
The treasury share which was bought back by the subsidiary are calculated by proportion of equity transferring from non-controlling interests (Note 26)	(43,761)	-
Balance at December 31	$ 22,012	$ 63,054

22. REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from the sale of goods	$ 4,271,511	$ 3,279,795
Revenue from the rendering of services	22,992	20,694
	$ 4,294,503	$ 3,300,489

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Group was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 9)	$ 8,928	$ 17,240	$ 20,353
Trade receivables (Note 9)	543,348	477,393	484,490
Trade receivables from related parties (Note 30)	2,051	432	168
	$ 554,327	$ 495,065	$ 505,011
Contract liabilities			
Sale of goods	$ 151,274	$ 82,558	$ 85,545

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 74,743	$ 83,401

c. Disaggregation of revenue

Refer to Note 35 for information on disaggregation of revenue.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 12,400	$ 4,160
Financial assets at FVTPL	5,548	6,269
Financial products	22	5,657
	$ 17,970	$ 16,086

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 6,740	$ 6,052

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (6,948)	$ (2,222)
Net foreign exchange losses	(145)	(8,620)
Gain on lease modification	594	-
Loss on disposal of investment (Note 21)	(63)	-
Others	(4,730)	(2,067)
	$ (11,292)	$ (12,909)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 3,169	$ 4,333
Interest on lease liabilities	397	947
	$ 3,566	$ 5,280

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 43,531	$ 43,920
Operating expenses	41,828	37,514
	$ 85,359	$ 81,434
An analysis of amortization by function		
Operating costs	$ 20	$ 31
Selling and marketing expenses	92	255
General and administrative expenses	406	270
Research and development expenses	523	583
	$ 1,041	$ 1,139

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	$ 911,653	$ 786,288
Post-employment benefits		
Defined contribution plans	67,757	53,896
Defined benefit plans (see Note 20)	238	360
	67,995	54,256
Total employee benefits expense	$ 979,648	$ 840,544
An analysis of employee benefits expense by function		
Operating costs	$ 417,403	$ 315,131
Operating expenses	562,245	525,413
	$ 979,648	$ 840,544

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 15, 2022 and March 18, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	2.93%	2.94%
Remuneration of directors	1.32%	1.29%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 17,479	$ 11,245
Remuneration of directors	7,857	4,948

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 33,279	$ 40,353
Foreign exchange losses	(33,424)	(48,973)
Net foreign exchange losses	$ (145)	$ (8,620)

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 276,143	$ 255,587
Income tax on unappropriated earnings	-	6,963
Adjustments for prior years	2,564	5,695
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
Tax deduction	(76,025)	(53,938)
	169,986	170,505
Deferred tax		
In respect of the current year	12,822	(31,261)
Income tax expense recognized in profit or loss	$ 182,808	$ 139,244

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 702,266	$ 492,790
Income tax expense calculated at the statutory rate (20%)	$ 140,453	$ 98,558
Unrecognized deductible temporary differences - share of (profit) loss of subsidiaries accounted for using the equity method	(22,587)	(14,570)
Nondeductible expenses in determining taxable income	4,085	(1,438)
Repatriation of subsidiary’s tax earnings	32,912	45,034
Income tax on unappropriated earnings	-	6,963
Withholding tax credits from overseas profits of the current year	(32,696)	(43,802)
Effect of different tax rates of entities in the Group operating in other jurisdictions	58,077	42,804
Adjustments for prior years’ tax	2,564	5,695
Income tax expense recognized in profit or loss	$ 182,808	$ 139,244

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

Under the corporate income tax law in mainland China, Sinmag Equipment (China) Co., Ltd. qualified as a high tech enterprise from 2021 to 2023, resulting in a 15% corporate income tax rate.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in mainland China, Wuxi New Order Control Co., Ltd. applied an income tax rate of 20% on taxable income that constituted 12.5% and 25% of its revenue in 2021 and 2020, respectively, which was less than RMB1,000 thousand, and 50% of its revenue was more than RMB1,000 thousand but less than RMB3,000 thousand.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	(7,928)	295
Remeasurement of defined benefit plans	(1,387)	267
Arising from income and expenses reclassified from equity to profit or loss		
On disposal of foreign operation	13	-
Total income tax recognized in other comprehensive income	$ (9,302)	$ 562

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 1,805	$ 1,988
Current tax liabilities		
Income tax payable	$ 95,945	$ 169,814

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 2,556	$ 2,019	$ -	$ (3)	$ 4,572
Unrealized loss on inventories	6,020	4,946	-	(29)	10,937
Unrealized gain on transactions with subsidiaries	2,340	1,001	-	-	3,341
Provisions	1,914	2,376	-	(50)	4,240
Defined benefit obligations	3,998	-	1,387	-	5,385
Exchange differences on translating the financial statements of foreign operations	24,674	-	7,915	-	32,589
Others	3,492	1,246	-	(97)	4,641
	$ 44,994	$ 11,588	$ 9,302	$ (179)	$ 65,705
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 53,803	$ 23,950	$ -	$ -	$ 77,753
Pensions	4,731	387	-	-	5,118
Others	109	73	-	-	182
	$ 58,643	$ 24,410	$ -	$ -	$ 83,053

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 1,358	$ 1,208	$ -	$ (10)	$ 2,556
Unrealized loss on inventories	5,372	711	-	(63)	6,020
Unrealized gain on transactions with subsidiaries	2,597	(257)	-	-	2,340
Provisions	2,128	(115)	-	(99)	1,914
Defined benefit obligations	4,265	-	(267)	-	3,998

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen -sive Income	Exchange Differences	Closing Balance
Exchange differences on translating the financial statements of foreign operations	$ 24,969	$ -	$ (295)	$ -	$ 24,674
Others	3,180	469	-	(157)	3,492
	$ 43,869	$ 2,016	$ (562)	$ (329)	$ 44,994
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 82,473	$ (28,670)	$ -	$ -	$ 53,803
Pensions	4,251	480	-	-	4,731
Others	1,164	(1,055)	-	-	109
	$ 87,888	$ (29,245)	$ -	$ -	$ 58,643

(Concluded)

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,048,741 thousand and $1,040,006 thousand, respectively.

f. Income tax assessments

The Company’s tax returns through 2019 have been assessed by the tax authorities, and the Group had no litigation or claim regarding tax assessments as of December 31, 2021.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share		
From continuing operations	$ 10.16	$ 6.79
Diluted earnings per share		
From continuing operations	$ 10.12	$ 6.77

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

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	$ 510,167	$ 340,940
Effect of potentially dilutive ordinary shares		
Employees' compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 510,167	$ 340,940

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares		
Employees' compensation	188	166
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,418	50,396

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

LBC Bakery Equipment Inc. bought back 158,000 treasury shares in April 2021, and the shares of LBC Bakery Equipment Inc. held by the Group increased from 82.82 % to 97.24% The transaction was recognized as investments accounted for using the equity method since there was no change of control in LBC Bakery Equipment Inc.

	LBC Bakery Equipment Inc.
Consideration paid	$ 41,437
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(43,761)
Differences recognized from equity transactions	$ (2,027)

27. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020.

1) The Group acquired property, plant and equipment that had not yet paid in the amounts of $3,139 thousand and $16,834 thousand, which were recorded as other payables during the years ended December 31, 2021 and 2020, respectively.

2) The Group proportionately allocated and capitalized the expenses accrued from the urban regeneration project based on the value of the property rights within the scope of the area as stated in the Plan. In addition, the Association applied the property financing arrangement to Hua Nan Commercial Bank. As of December 31, 2021, the expense allocated to the Group was $2,674 thousand.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

		Cash Flows		Non-cash Changes				
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	Urban Regeneration/ New Leases	Lease Modification	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 25,501	$ (3,964)	$ -	$ 2,674	$ -	$ -	$ (1,557)	$ 22,654
Short-term borrowings	202,119	151,087	-	-	-	-	(2,422)	350,784
Lease liabilities	21,000	(4,899)	(397)	7,541	(14,463)	397	(262)	8,917
	$ 248,620	$ 142,224	$ (397)	$ 10,215	$ (14,463)	$ 397	$ (4,241)	$ 382,355

For the year ended December 31, 2020

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 87,772	$ (60,354)	$ -	$ -	$ -	$ (1,917)	$ 25,501
Short-term borrowings	113,391	87,945	-	-	-	783	202,119
Lease liabilities	22,997	(3,900)	(947)	1,684	947	219	21,000
	$ 224,160	$ 23,691	$ (947)	$ 1,684	$ 947	$ (915)	$ 248,620

28. CAPITAL MANAGEMENT

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

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

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

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

29. FINANCIAL INSTRUMENTS

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

The management of the Group considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Amortized cost (1)	$ 1,584,518	$ 1,512,459
Financial liabilities		
Amortized cost (2)	758,017	598,821

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties and excluding payables for salaries or bonuses, payables for employees' welfare fund and payables for business tax).

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, receivables, debt instruments, payables, short-term borrowings, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

<u>Sensitivity analysis</u>

The Group was mainly exposed to exchange fluctuations of the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ 1,874	$ 1,272

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables, short-term borrowings and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD increased during the current year mainly due to a increases in USD denominated cash and cash equivalents and receivables.

b) Interest rate risk

The Group was exposed to interest rate risk because its deposits, bank loans and lease liabilities are at both fixed and floating interest rates.

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 426,067	$ 350,466
Financial liabilities	248,917	166,000
Cash flow interest rate risk		
Financial assets	480,193	562,872
Financial liabilities	133,438	82,620

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $867 thousand and $1,201 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and borrowings.

The Group's sensitivity to the interest rate decreased during the current year mainly due to a decrease in floating interest rate bank deposits, and an increase in floating interest rate short-term borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group continually evaluated its counterparties' financial status, and, if necessary, requested a guarantee deposit as a term of transaction to lower its exposure to the credit risk.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for 34% and 40% of the total trade receivables as of December 31, 2021 and 2020, respectively.

3) Liquidity risk

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

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (b) below for more information on unused amounts of financing facilities at December 31, 2021 and 2020.

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

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2021

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 240,777	$ 111,518	$ -	$ -
Non-interest bearing liabilities	377,864	6,715	-	-
Lease liabilities	1,766	2,907	4,615	-
Long-term borrowings	1,141	19,061	2,674	-
	$ 621,548	$ 140,201	$ 7,289	$ -

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 4,673	$ 4,615	$ -	$ -	$ -	$ -

December 31, 2020

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 203,149	$ 2,486	$ -	$ -
Non-interest bearing liabilities	365,339	5,862	-	-
Lease liabilities	1,781	1,112	5,848	26,629
Long-term borrowings	1,344	3,957	21,683	-
	$ 571,613	$ 13,417	$ 27,531	$ 26,629

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,893	$ 5,848	$ 5,121	$ 5,121	$ 5,121	$ 11,266

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ 260,784	$ 202,119
Amount unused	795,040	864,419
	$ 1,055,824	$ 1,066,538
Secured bank loan facilities:		
Amount used	$ 109,980	$ 25,501
Amount unused	50,000	140,000
	$ 159,980	$ 165,501

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Associate
Tehmag Foods Corporation	Associate
San Neng Bake Ware (Wuxi) Co., Ltd.	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate
Auto Control Co., Ltd.	Associate
Wuxi Temma Paper Cup Co., Ltd.	Associate
Tehmag Foods Corporation Sdn. Bhd.	Associate
Squires Kitchen Sugarcraft (Wuxi) Limited	Associate
San Neng Japan Bakeware Corporation	Associate

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Sales	Associates	$ 8,359	$ 838

The sales prices to related parties were negotiated case by case, and the collection terms to related parties were 60 days or 90 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were 90 days.

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Purchases	Associates	$ 53,110	$ 40,651

The purchases prices from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bill of lading. The prices and payment terms were determined in accordance with mutual agreements, and the payment terms to third parties were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	Associates	$ 2,051	$ 432

The outstanding trade receivables from related parties are unsecured. As of December 31, 2021 and 2020, all receivables from related parties were not past due. And for the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Notes payable	Associates	$ 570	$ 500
Trade payables	Associates	$ 13,745	$ 6,053

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Selling and marketing expenses - other expenses	Associates	$ 22	$ 11
General and administrative expenses - other expenses	Associates	$ -	$ 5

g. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 50,453	$ 45,884
Post-employment benefits	844	903
	$ 51,297	$ 46,787

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans, taxpayer accounts and the tariffs of imported raw materials guarantees:

	December 31	
	2021	**2020**
Financial assets at amortized cost - current		
Taxpayer accounts	$ 915	$ 370
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 50	$ 115
Others		
Right-of-use assets	$ 18,102	$ 19,554
Freehold land	58,715	58,715
Buildings, net	63,078	72,302
Property under construction	2,674	-
	$ 142,569	$ 150,571

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment	$ 25,788	$ 41,784

b. Significant events after the reporting period

Sinmag Equipment (China) Co., Ltd., the subsidiary of the Group, plans to apply for initial public offering of RMB ordinary shares on the Shenzhen Stock Exchange in order to consolidate the Group’s resources, enhance the reputation in Chinese society and recognition of its brand, and attract the exceptional and professional talents to enhance its competitiveness in the Chinese market. The Company considers the initial public offering as means to diverse the financing and to optimize the financial structure. Thus, the Company will be transformed into a limited corporation with permanent operation.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 9,054	27.68 (USD:NTD)	$ 250,608
USD	8,382	6.37 (USD:RMB)	232,000
USD	47	4.36 (USD:MYR)	1,311
			$ 483,919
Financial liabilities			
Monetary items			
USD	5,046	27.68 (USD:NTD)	$ 139,668
USD	4,720	6.37 (USD:RMB)	130,661
USD	756	4.36 (USD:MYR)	20,920
USD	189	33.16 (USD:THB)	5,230
			$ 296,479

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,102	28.48 (USD:NTD)	$ 145,314
USD	4,801	6.51 (USD:RMB)	136,742
USD	47	4.20 (USD:MYR)	1,349
			$ 283,405
Financial liabilities			
Monetary items			
USD	2,495	28.48 (USD:NTD)	$ 71,068
USD	2,472	6.51 (USD:RMB)	70,416
USD	265	4.20 (USD:MYR)	7,548
USD	250	29.80 (USD:THB)	7,129
			$ 156,161

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were $(145) thousand and $(8,620) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group in the Group.

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (none)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

9) Trading in derivative instruments (none)

10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

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

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

e. Disclosure of the affiliates

1) Disclosures on the notes appended to the consolidated financial statements of the affiliates are as follows:

No.	Items	Reference
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company’s shareholding or capital contribution ratio in each company.	Note 11, Tables 6 and 7
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	Note 11
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons why they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company’s accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 11
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates.	None

2) Disclosures on the notes for subordinate company affiliates are as follows:

No.	Items	Reference
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 5
2	Information regarding financing, endorsements, and guarantees.	Table 1
3	Information regarding trading in derivative products.	None
4	Significant contingent matters.	None
5	Significant subsequent events.	None
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 6 and 7
7	Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates.	None

Note: As set forth in the Articles, Sinmag Equipment (China) Co., Ltd. and Wuxi New Order Control Co., Ltd. shall allocate reserve funds, expansion funds and welfare funds for employees after payment of taxes, respectively. The reserve funds are accrued at rates of no less than 10% of net profit before income tax. When the accumulated withdrawal amount reaches 50% of the registered capital, it could be withdrawn. The proportion of allocation shall be decided by the board of directors.

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were as follows:

- Manufacturing and selling of bakery equipment segment

- Manufacturing and selling of control panels and electromechanical control system segment

The manufacturing and selling of bakery equipment segment includes a number of direct sales operations in various cities, each of which is considered a separate operating segment by the chief operating decision maker. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- The nature of the products and production processes is similar;

- The pricing strategy of the products is similar;

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Manufacturing and selling of bakery equipment segment	$ 5,614,040	$ 4,166,441	$ 849,369	$ 607,075
Manufacturing and selling of control panel and electromechanical control system segment	124,117	87,730	(105,658)	(71,447)
Eliminations	(1,443,654)	(953,682)	-	-
Continuing operations	$ 4,294,503	$ 3,300,489	743,711	535,628
Interest income			17,970	16,086
Other income			6,740	6,052
Other gains and losses			(11,292)	(12,909)
Compensation of key management personnel			(51,297)	(46,787)
Finance costs			(3,566)	(5,280)
Profit before tax (continuing operations			$ 702,266	$ 492,790

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2021	2020
Segment assets		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 3,249,305	$ 3,146,971
Manufacturing and selling of control panel and electromechanical control system segment	36,489	33,256
Unallocated assets	432,069	266,508
Consolidated total assets	$ 3,717,863	$ 3,446,735
Segment liabilities		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 720,775	$ 641,417
Manufacturing and selling of control panel and electromechanical control system segment	19,750	17,216
Unallocated liabilities	552,436	456,077
Consolidated total liabilities	$ 1,292,961	$ 1,114,710

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than financial assets at amortized cost, and current and deferred tax assets. Goodwill was allocated to reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and amortization For the Year Ended December 31		Non-current Assets (Note) For the Year Ended December 31	
	2021	**2020**	**2021**	**2020**
Manufacturing and selling of bakery equipment segment	$ 82,594	$ 82,338	$ 151,637	$ 31,025
Manufacturing and selling of control panel and electromechanical control system segment	3,806	235	4,182	255
	$ 86,400	$ 82,573	$ 155,819	$ 31,280

Note: Non-current assets include property, plant and equipment, other intangible assets, right-of-use assets and prepayments for equipment.

d. Revenue from major products and services

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

	For the Year Ended December 31	
	2021	**2020**
Bakery equipment products	$ 4,271,511	$ 3,279,795
Services	22,992	20,694
	$ 4,294,503	$ 3,300,489

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and the United States.

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

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2021	**2020**	**2021**	**2020**
Taiwan	$ 657,337	$ 395,134	$ 105,429	$ 109,330
China	2,789,952	2,203,644	1,287,011	1,134,909
United States	593,734	530,416	95,317	102,408
Others	253,480	171,295	68,609	115,911
	$ 4,294,503	$ 3,300,489	$ 1,556,366	$ 1,462,558

Non-current assets exclude deferred tax assets.

f. Information on major customers

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 5)											
0	Sinmag Equipment Corporation	Sinmag Bakery Equipment Sdn. Bhd.	(b)	Net value 50% $ 1,201,445	$ 38,130 (RM 6,000)	$ 38,130 (RM 6,000)	$ 19,980 (RM 3,144)	$ -	2	Net value 50% $ 1,201,445	Y	-	-	-

Note 1: The total amount of the guarantees provided by Sinmag Equipment Corporation to subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited or reviewed financial statements.

Note 2: The total amount of the guarantees provided by Sinmag Equipment Corporation to individual subsidiaries shall not exceed 50% of Sinmag Equipment Corporation’s net worth based on its most recent audited financial statements.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The maximum amount endorsed/guaranteed during the period, limits on endorsement/guarantee given on behalf of each party and actual amount borrowed converted at the spot exchange rate as of December 31, 2021.

Note 5: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship with.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A company that directly or indirectly holds over 50% ownership of the Company.
d. In between companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

TABLE 2

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal					Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Other Remeasure-ments (Note)	Number of Shares	Amount
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Limited	From parent to subsidiary	-	$ -	882,000	$ 244,310	-	$ -	$ -	$ -	$ 19,589	882,000	$ 263,899
Sinmag Limited	LBC Bakery Equipment Inc.	Investments accounted for using the equity method	Sinmag Equipment Corporation	From subsidiary to parent	882,000	233,726	-	-	882,000	244,310	244,310	-	10,584	-	-

Note: The remeasurements include share of profit or loss from the investments accounted for using the equity method, remeasurement of other comprehensive income, unrealized downstream gain and buy-back of treasury shares.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 820,588	88	B/L 45 days	Note 1	Note 2	$ (139,124)	(78)	Note 3
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	(Sale)	(820,588)	(23)	B/L 45 days	〃	〃	139,124	35	〃
LBC Bakery Equipment Inc.	Sinmag Equipment Corporation	Parent company	Purchase	302,881	87	B/L 180 days	〃	〃	(76,022)	(97)	〃
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(302,881)	(27)	B/L 180 days	〃	〃	76,022	31	〃
Sinmag Equipment (China) Co., Ltd.	Wuxi New Order Control Co., Ltd.	Under the same parent company	Purchase	124,117	6	Monthly payment: 30 days	〃	〃	(10,770)	(4)	〃
Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Under the same parent company	(Sale)	(124,117)	(100)	Monthly payment: 30 days	〃	〃	10,770	100	〃

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	Trade receivables $139,124	7.83	$ -	-	$ 128,764	$ -

Note 1: The amount recovered from January 1, 2022 to March 11, 2022.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

TABLE 5

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	From parent to subsidiary	Sales	$ 50,168	Cost with a margin, B/L 90 days	1
		Sinmag Bakery Equipment Sdn. Bhd.	From parent to subsidiary	Sales	45,744	Cost with a margin, B/L 60 days	1
				Trade receivables	11,874	-	-
				Guarantees provided	38,130	-	1
		Sinmag Equipment (Thailand) Co., Ltd.	From parent to subsidiary	Sales	67,100	Cost with a margin, B/L 90 days	2
		LBC Bakery Equipment Inc.	From parent to subsidiary	Sales	302,881	Cost with a margin, B/L 180 days	7
				Trade receivables	76,022	-	2
		Sinmag Limited	From parent to subsidiary	Investments accounted for using the equity method	244,310	Structural reorganization	7
1	Lucky Union Limited	Sinmag Equipment Corporation	From subsidiary to parent	Surplus repatriation	294,305	-	8
				Investments accounted for using the equity method	244,310	Capital reduction	7
2	Sinmag Limited	Lucky Union Limited	Between subsidiaries	Surplus repatriation	294,305	-	8
				Investments accounted for using the equity method	244,310	Capital reduction	7
3	Sinmag Equipment (China) Co., Ltd.	Sinmag Limited	Between subsidiaries	Surplus repatriation	321,198	-	9
		Sinmag Equipment Corporation	From subsidiary to parent	Sales	820,588	Cost with a margin, B/L 45 days	19
				Trade receivables	139,124	-	4
4	Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	124,117	Negotiated case by case, monthly payment: 30 days	3
				Trade receivables	10,770	-	-
5	LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	29,826	Negotiated case by case, monthly payment: 60 days	1
				Trade receivables	10,137	-	-

Business relationships between parent and subsidiaries:

Sinmag Equipment Corporation, Sinmag Equipment (China) Co., Ltd., Sinmag Bakery Equipment Sdn. Bhd., Wuxi New Order Control Co., Ltd., LBC Bakery Equipment Inc., Sinmag Bakery Machine India Private Limited and Sinmag Equipment (Thailand) Co., Ltd. are mainly engaged in the manufacturing and selling of bakery equipment, control panels and electromechanical control systems. Lucky Union Limited and Sinmag Limited are holding companies.

Note 1: The above table discloses only one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities, they are calculated by the ending balance divided by the consolidated total assets. For profit or loss, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 3: The above table discloses only the amounts of important transactions that exceed NT$10,000 thousand.

TABLE 6

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount	Net Worth Per Share			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 148,277	$ 392,587	-	100.00	$ 2,108,678	$ -	$ 515,944	$ 515,944	Notes 2, 3 and 6
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment.	74,897	74,897	20,600,000	100.00	88,695	4.31	12,543	12,543	Notes 2 and 3
	Benchmark Service Co., Ltd.	Thailand	Maintenance service	-	479	-	-	-	-	(26)	(26)	Notes 2, 3 and 8
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	17,241	-	882,000	97.24	263,899	299.21	49,352	35,244	Notes 1, 2, 3 and 5
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	163,529	407,839	-	100.00	2,109,939	-	516,181	516,181	Notes 2, 3 and 7
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment.	12,340	12,340	300,000	100.00	105,325	351.08	15,026	15,026	Notes 2 and 3
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	-	17,241	-	-	-	-	49,352	10,052	Notes 1, 2, 3 and 5
	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment.	54,748	54,748	-	100.00	1,808	-	(427)	(427)	Notes 2 and 3

Note 1: The share of profits (losses) of the investee includes the effect of unrealized gross profit on intercompany transactions.

Note 2: The share of profit (loss) was recognized according to the audited financial statements of the investees for the same year.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: For information on investments in mainland China, refer to Table 7
.

Note 5: After undertaking the structural reorganization in April 2021, the Company directly held 100% equity of LBC Bakery Equipment Inc.

Note 6: Lucky Union Limited reduced and returned its capital in the amount of US$8,725 thousand, and the procedures were completed in July 2021.

Note 7: Sinmag Limited reduced and returned its capital in the amount of US$8,725 thousand, and the procedures were completed in July 2021

Note 8: Benchmark Service Co., Ltd. was liquidated and dissolved in August 2021.

Note 9: Except for Note 5 and Note 8, the table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was provided on these investments.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,058,108 (US$ 33,850)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 518,434	100	$ 519,313 (Note 2 b.(2))	$ 1,976,329	$ 4,252,472 (US$ 139,839)
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panels and electromechanical control system	4,961 (US$ 150)	〃	3,348 (US$ 104)	-	-	3,348 (US$ 104)	11,580	50	5,074 (Note 2 b.(2))	10,623	61,652 (US$ 2,033)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$353,286 (Note 4)	$1,174,049	$1,454,941

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited)
c. Others.

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) The investees' financial statements have not been audited for the same year.

(Continued)

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $4,314,124 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of realized and unrealized gross profit on intercompany transactions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 6: The table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was held on these investments.

(Concluded)

TABLE 8

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Purchase	$ 820,588	88	Cost with a margin	B/L 45 days	Note 1	$ (139,124)	(78)	$ 16,276	Note 2
	Sales	(50,168)	(4)	Cost with a margin	B/L 90 days	〃	6,277	3	3,184	〃

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

TABLE 9

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,055,545	6.08

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