Aethertek Technology Co., Ltd.
(Formerly Service & Quality Group Co., Ltd.)

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.

Opinion

We have audited the accompanying financial statements of Aethertek Technology Co., Ltd. (formerly Service & Quality Group Co., Ltd., the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The acquisition price of Investments Accounted for Using Equity Method

As stated in Note 9 to the accompanying financial statements, Company acquired Trantest Enterprise Limited ("TT Company") and acquired Trantest Precision (China) Ltd. through the newly established Trantest Enterprise Ltd. ("Hongqi Company") on April 9, 2021. The investments in TT Company and Hongqi Company were accounted for using the equity method. As of December 31, 2021, the carrying amounts of the investments were NT$386,974 thousand and NT$474,199 thousand, representing 27% and 33% of the Company's total assets. As the amount of the acquisition is material and the transaction is complex which involved the management's determination of the fair value of the net assets and allocation of the purchase price, we determined the acquisition as a key audit matter. For accounting policies, refer to Note 4 to the financial statements; for disclosures relating to business combinations, refer to Note 27 to the consolidated financial statements.

Our audit procedures for the aforementioned key audit matter are described as follows:

1. We assessed the capability and objectivity of external specialist.

2. We evaluated the reasonableness of the raw data and key assumptions used in the Purchase Price Allocation Analysis Report issued by the external specialist.

3. We evaluated the correctness of the calculation of the fair value of identifiable net assets and the allocation of the purchase price.

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

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

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

Those charged with governance (including members of the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and Hui-Ming Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2022

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

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

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

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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)	$ 281,851	20	$ 589,326	67
Trade receivables (Notes 4, 7 and 17)	5,813	-	5,702	1
Trade receivables from related parties (Notes 4, 17 and 25)	230,275	16	-	-
Other receivables (Notes 4 and 7)	-	-	31	-
Current tax assets (Notes 4 and 19)	-	-	32	-
Inventories (Note 8)	2,668	-	-	-
Prepayments	13,609	1	1,029	-
Other financial assets (Note 13)	-	-	267,852	31
Other current assets	172	-	-	-
Total current assets	534,388	37	863,972	99
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4, 9 and 21)	861,173	60	-	-
Property, plant and equipment (Notes 4 and 10)	8,518	1	862	-
Right-of-use assets (Notes 4 and 11)	7,778	1	2,555	-
Other intangible assets (Notes 4 and 12)	4,677	-	3,719	1
Deferred tax assets (Notes 4 and 19)	2,661	-	-	-
Prepayments for equipment	21,571	1	-	-
Refundable assets	1,906	-	306	-
Total non-current assets	908,284	63	7,442	1
TOTAL	$ 1,442,672	100	$ 871,414	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	$ 251	-	$ -	-
Trade payables from related parties (Note 25)	1,289	-	-	-
Other payables (Note 14)	80,986	6	8,031	1
Current tax liabilities	51,956	3	-	-
Lease liabilities - current (Notes 4 and 11)	10,460	1	1,262	-
Other current liabilities	18	-	250	-
Total current liabilities	144,960	10	9,543	1
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 11)	-	-	1,179	-
Total liabilities	144,960	10	10,722	1
EQUITY (Note 16)				
Ordinary shares	702,840	49	702,840	81
Capital surplus	157,852	11	211,844	24
Retained earnings (accumulated deficit)	444,895	31	(53,992)	(6)
Other equity	(7,875)	(1)	-	-
Total equity	1,297,712	90	860,692	99
TOTAL	$ 1,442,672	100	$ 871,414	100

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

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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, 17 and 25)	$ 724,775	100	$ 89,929	100
OPERATING COSTS (Notes 18 and 25)	(13,219)	(2)	(15,898)	(18)
GROSS PROFIT	711,556	98	74,031	82
OPERATING EXPENSES (Notes 18 and 25)				
Selling and marketing expenses	(35,644)	(5)	(1,759)	(2)
General and administrative expenses	(57,913)	(8)	(23,458)	(26)
Research and development expenses	(89,312)	(12)	-	-
Total operating expenses	(182,869)	(25)	(25,217)	(28)
PROFIT FROM OPERATIONS	528,687	73	48,814	54
NON-OPERATING INCOME AND EXPENSES (Notes 4, 18 and 25)				
Interest income	217	-	372	-
Other income	1	-	22	-
Other gains and losses	(8,154)	(1)	(2,002)	(2)
Share of loss of subsidiaries	(24,400)	(4)	-	-
Finance costs	(139)	-	(25)	-
Total non-operating income and expenses	(32,475)	(5)	(1,633)	(2)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	496,212	68	47,181	52
INCOME TAX EXPENSE (Notes 4 and 19)	(51,317)	(7)	-	-
NET PROFIT FROM CONTINUING OPERATIONS	444,895	61	47,181	52
NET LOSS FROM DISCONTINUED OPERATIONS (Note 21)	-	-	(22,033)	(24)
NET PROFIT FOR THE YEAR	444,895	61	25,148	28

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 16)	$ (9,844)	(1)	$ 2,440	3
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 16 and 19)	1,969	-	(488)	(1)
Other comprehensive income (loss) for the period, net of income tax	(7,875)	(1)	1,952	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 437,020	60	$ 27,100	30
EARNINGS PER SHARE (Note 20)				
From continuing and discontinued operations				
Basic	$ 6.33		$ 0.76	
Diluted	$ 6.33		$ 0.76	
From continuing operations				
Basic	$ 6.33		$ 1.43	
Diluted	$ 6.33		$ 1.43	

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

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

	Capital Stock - Common Stock				Others	
	Shares (In Thousands)	Amount	Capital Surplus	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2020	14,784	$ 147,840	$ -	$ (79,140)	$ (1,952)	$ 66,748
Net profit (loss) for the year ended December 31, 2020	-	-	-	25,148	-	25,148
Other comprehensive income for the year ended December 31, 2020, net of income tax (Note 16)	-	-	-	-	1,952	1,952
Total comprehensive income for the year ended December 31, 2020	-	-	-	25,148	1,952	27,100
Issuance of ordinary shares for cash (Note 16)	55,500	555,000	180,930	-	-	735,930
Disposal of subsidiaries (Note 16)	-	-	30,914	-	-	30,914
BALANCE, DECEMBER 31, 2020	70,284	702,840	211,844	(53,992)	-	860,692
Capital surplus used to cover accumulated deficit	-	-	(53,992)	53,992	-	-
Net profit for the year ended December 31, 2021	-	-	-	444,895	-	444,895
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(7,875)	(7,875)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	444,895	(7,875)	437,020
BALANCE, DECEMBER 31, 2021	70,284	$ 702,840	$ 157,852	$ 444,895	$ (7,875)	$ 1,297,712

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

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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	$ 496,212	$ 47,181
Discontinued operations loss	-	(22,033)
Adjustments for:		
Depreciation expense	4,609	1,669
Amortization expense	1,513	133
Finance costs	139	25
Interest income	(217)	(372)
Share of profit of subsidiaries	24,400	22,033
Loss on disposal of property, plant and equipment, net	300	2
Net foreign exchange loss	-	2,984
Gain on lease modification	(18)	-
Net changes in operating assets and liabilities		
Trade receivables	(111)	(5,928)
Trade receivables from related parties	(230,275)	1,406
Other receivables	31	(2)
Other receivables from related parties	-	4,026
Inventories	(2,668)	-
Prepayments	(12,580)	(638)
Other current assets	(172)	-
Trade payables	251	(50)
Trade payables from related parties	1,289	(2,984)
Other payables	71,530	2,308
Other current liabilities	(232)	36
Cash generated from operations	354,001	49,796
Interest received	217	343
Interest paid	(139)	(25)
Income tax paid	(21)	(32)
Net cash generated from operating activities	354,058	50,082
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of subsidiaries	(895,417)	-
Net cash inflow on disposal of subsidiaries	-	70,000
Payment for property, plant and equipment	(7,154)	(374)
Payments for intangible assets	(2,471)	(3,810)
Increase in refundable deposits	(1,600)	(53)
Decrease in other receivable from related parties	-	8,262
Increase in other financial assets	-	(267,852)
Decrease in other financial assets	267,852	-
Increase in prepayments for equipment	(21,571)	-
Net cash used in investing activities	(660,361)	(193,827)

(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in other payables from related parties	$ -	$ (12,995)
Repayment of the principal portion of lease liabilities	(1,172)	(1,523)
Proceeds from issuance of ordinary shares	-	735,930
Net cash (used in) generated from financing activities	(1,172)	721,412
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	-	(2,758)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(307,475)	574,909
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	589,326	14,417
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 281,851	$ 589,326

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

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

1. GENERAL INFORMATION

Aethertek Technology Co., Ltd. (the "Company") was incorporated in Taipei City in September 1992. On April 14, 2021, it received approval from Ministry of Economic Affairs and had changed its name from "Service & Quality Group Co., Ltd." to "Aethertek Technology Co., Ltd." The Company involves in equipment manufacturing, product design, software service, etc.

The Company's shares have been listed on the Taipei Exchange (TPEx) since March 2004.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 29, 2022.

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

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

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

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

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

Note 1: The amendments to IFRS 9 are 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" are 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" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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

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

New Release/Amendment/Revision Criteria and Interpretation	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their affiliates or joint ventures"	Undecided
IFRS 17	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis.

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

c. Classification of current and noncurrent assets and liabilities

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

d. Foreign currencies

In preparing the parent company only financial statements, 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. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

f. Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries and associates.

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the subsidiary and the fair value of the consideration paid or received is recognized directly in equity.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method mainly over the following estimated useful lives: Buildings (assets used by the Company and assets subject to operating leases) - 10 to 20 years; machinery and equipment (assets used by the Company and assets subject to operating leases) - 5 years; and office equipment - 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Intangible assets

Other separately acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives: Technology license fees - the estimated life of the technology or the term of the technology transfer contract; software and system design costs - 3 years or contract period; patent and others - the economic life or contract period. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

i. Impairment of tangible assets, right-of-use assets and intangible assets

Tangible assets, right-of-use assets and other intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets (property, plant and equipment), right-of-use assets and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j. Financial assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis for which financial assets were classified in the same way, respectively. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1) Category of financial assets and measurement

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

Measured at amortized cost

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

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

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

Subsequent to initial recognition, financial assets measured at amortized cost are measured at amortized cost, which equals to carrying amount determined by the effective interest method less any impairment loss.

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

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

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

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable). The Group always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. On all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

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.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. 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. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

k. 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 the sale of automation equipment products. Since the customer has the right to set the price and use of the goods when the automation equipment products arrive at the customer's designated place and the customer accepts them, and bears the risk of loss on the goods, the Group recognizes the income and accounts receivable at that point in time.

2) Revenue from the rendering of services

Rendering of services income comes from providing project business services such as research, design and customization services for automation equipment.

The project business service relies on the input of technical personnel. The Group calculates the degree of completion of the performance obligation according to the input method and recognizes the relevant income. The customer pays at the time agreed in the contract, so the Group recognizes the contract assets when providing services, and transfers the amount agreed in the contract to accounts receivable at the agreed time.

l. Leases

The Company as lessee

Except for payments for low-value asset leases and short-term leases (leases of machinery and equipment and others) which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the consolidated balance sheets.

m. Employee benefits

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 service rendered by employees.

Retirement benefits

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

n. Taxation

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

Current tax

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements 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, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of 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 year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 180	$ 545
Checking accounts and demand deposits	281,671	588,781
	$ 281,851	$ 589,326

7. TRADE RECEIVABLES

	December 31	
	2021	2020
Trade receivables		
At amortized cost		
Gross carrying amount	$ 5,813	$ 5,702
Less: Allowance for impairment loss	-	-
	$ 5,813	$ 5,702

(Continued)

	December 31	
	2021	2020
Trade receivable from related parties		
At amortized cost		
Gross carrying amount	$ 230,275	$ -
Less: Allowance for impairment loss	-	-
	$ 230,275	$ -

(Concluded)

Trade Receivables

The Company's average credit period of sales of goods is 30 to 60 days. No interest is charged on trade receivables. 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 Company reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 prepared by reference to the past default experience of the customer and the customer's current financial position. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence 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 Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	$ 236,061	$ 27	$ -	$ -	$ -	$ 236,088
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 236,061	$ 27	$ -	$ -	$ -	$ 236,088

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	$ 5,702	$ -	$ -	$ -	$ -	$ 5,702
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	$ 5,702	$ -	$ -	$ -	$ -	$ 5,702

The expected credit loss rate of the Company is less than 4% for non-due and less than 60 days overdue; less than 10% for 61 to 180 days overdue; 25% to 100% for more than 181 days overdue.

8. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 2,668	$ -

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2021 and 2020 were $6,691 thousand and $0, respectively.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31	
	2021	2020
Trantest Enterprise Limited	$ 474,199	$ -
Trantest Enterprise Limited	386,974	-
	$ 861,173	$ -

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Trantest Enterprise Limited	100%	-
Trantest Enterprise Limited	100%	-

Refer to Note 10 to the Company's consolidated financial statements for the year ended December 31, 2021 for the disclosures of the Company's acquisitions of Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. Refer to Note 29 for the details of the subsidiaries indirectly held by the Company.

On March 31, 2020, the Company entered into an agreement for the sale of shares to its related party, Columbus Investment Limited, and on the same day control of Service & Quality Technology (Hong Kong) Co., Ltd. (including all its subsidiaries) passed to the acquirer; refer to Note 21.

The share of loss of subsidiaries and associates accounted for using equity method was $22,033 thousand in 2020, recognized under net loss from discontinued operations

The amounts of share of net income or loss and other comprehensive income of subsidiaries under equity method were accounted for based on audited financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Office Equipment	Leasehold Improvements	Total
Cost				
Balance at January 1, 2021	$ -	$ 852	$ 620	$ 1,472
Additions	1,399	4,732	2,448	8,579
Disposals		(280)	(620)	(900)
Balance at December 31, 2021	$ 1,399	$ 5,304	$ 2,448	$ 9,151
Accumulated depreciation				
Balance at January 1, 2021	$ -	$ 356	$ 254	$ 610
Depreciation expense	131	326	166	623
Disposals		(245)	(355)	(600)
Balance at December 31, 2021	$ 131	$ 437	$ 65	$ 633
Carrying amount at December 31, 2021	$ 1,268	$ 4,867	$ 2,383	$ 8,518
Cost				
Balance at January 1, 2020	$ -	$ 497	$ 620	$ 1,117
Additions	-	374	-	374
Disposals	-	(19)	-	(19)
Balance at December 31, 2020	$ -	$ 852	$ 620	$ 1,472
Accumulated depreciation				
Balance at January 1, 2020	$ -	$ 199	$ 151	$ 350
Depreciation expense	-	174	103	277
Disposals	-	(17)	-	(17)
Balance at December 31, 2020	$ -	$ 356	$ 254	$ 610
Carrying amount at December 31, 2020	$ -	$ 496	$ 366	$ 862

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

Equipment	3-6 years
Office equipment	3 years
Leasehold improvements	2 years

As of December 31, 2021, the property, plant and equipment were not pledged as collateral.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Buildings	$ 7,778	$ 2,555

The changes of right-of-use assets are as follows:

	For the Year Ended December 31	
	2021	2020
Beginning of the period	$ 2,555	$ 1,160
Additions to right-of-use assets	10,370	2,787
Depreciation charge for right-of-use assets	(3,986)	(1,392)
Gain on lease modification	(1,161)	-
End of the period	$ 7,778	$ 2,555

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 10,460	$ 1,262
Non-current	$ -	$ 1,179

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	2.6%	2.6%

c. Material lease-in activities and terms

The Company leases certain land and building for the use of office, plant and dormitories with lease terms of 1.3-2 year. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 4,912	$ 418
Expenses relating to low-value asset leases	$ 26	$ 19
Total cash outflow for leases	$ (6,247)	$ (1,985)

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

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance, January 1, 2021	$ 3,942
Additions	2,471
Disposals	-
Balance, December 31, 2021	$ 6,413
Accumulated amortization	
Balance, January 1, 2021	$ 223
Amortization expenses	1,513
Disposals	-
Balance, December 31, 2021	$ 1,736
Carrying amount at December 31, 2021	$ 4,677
Cost	
Balance, January 1, 2020	$ 240
Additions	3,810
Disposals	(108)
Balance, December 31, 2020	$ 3,942
Accumulated amortization	
Balance, January 1, 2020	$ 198
Amortization expenses	133
Disposals	(108)
Balance, December 31, 2020	$ 223
Carrying amount at December 31, 2020	$ 3,719

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2 to 5 years

13. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months (Notes 1 and 2)	$ -	$ 267,852

Note 1: The Company only invests in debt instruments that have low credit risk. The Company reviews other public information and makes an assessment whether there has been a significant increase in credit risk since initial recognition.

In order to minimize credit risk, the management of the Company has collected relevant information and makes an assessment for risk of default. The Company uses other publicly available financial information to rate the debtors

The Company considers the historical default experience, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 the ratio of allowance for impairment loss of other financial assets was 0%

Note 2: The interest rate for time deposits with original maturities of more than 3 months was approximately 0.18% as of December 31, 2020.

14. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries or bonuses	$ 68,417	$ 4,754
Payables for compensation of employees	5,012	-
Payable for professional fees	1,372	2,519
Payable for purchases of equipment	1,425	-
Others	4,760	758
	$ 80,986	$ 8,031

15. RETIREMENT BENEFIT PLANS

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

16. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	80,000	80,000
Shares authorized	$ 800,000	$ 800,000
Shares issued and fully paid (in thousands of shares)	70,284	70,284
Shares issued and fully paid	$ 702,840	$ 702,840

The issued ordinary shares have a par value of NT$10 per share, and each share has one voting right and the right to receive dividends.

The Company held interim shareholders' meeting on March 20, 2020 in which the shareholders, in accordance with Article 43-6 of the Securities and Exchange Act, authorized the board of directors to issue new shares through private placements with the shares limited to no more than 55,500 thousand shares and a par value of NT$10. On March 30, 2020, the board of directors resolved to execute a cash capital increase of 20,200 thousand shares by way of private placement. The capital increase base date is March 31, 2020, and the issue price per share is NT$13.26. This capital increase project has raised NT$267,852 thousand, and the registration of the change has been completed; and on August 10, 2020, the board of directors resolved to execute the second cash capital increase of 35,300 thousand shares by way of private placement. The base date for the capital increase was December 1, 2020. The issue price per share is NT$13.26, this capital increase case has raised NT$468,078 thousand, and the change registration was completed on January 12, 2021; the rights and obligations of the second private placement of ordinary shares are subject to circulation and transfer restrictions under the Securities and Exchange Law; thus, it must be 3 years after the delivery date that the shares can apply for public listing; the other shares are treated the same as other issued ordinary shares. As of December 31, 2021, the Company's paid-in capital was NT$702,840 thousand, and the number of paid-in shares was 70,284 thousand shares (10,723 thousand ordinary shares and 59,561 thousand privately placed ordinary shares).

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Issuance of ordinary shares	$ 157,852	$ 180,930
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	-	30,914
	$ 157,852	$ 211,844

* 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).

c. Retained earnings and dividend policy

The content of the earnings distribution policy in accordance with the articles of incorporation of the Company is as follows:

1) The Company's profit in a fiscal year shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22-g.

2) The Company's dividend policy shall be determined pursuant to the factors, such as the investment environment, capital requirement, domestic and overseas competition environment, current and future business development plan, as well as shareholders' interests. The distribution of shareholder dividends shall not be lower than 20% of the unappropriated earnings of the current year. However, the shareholders may resolve not to distribute dividends if the accumulated earnings were lower than 20% of the paid-in capital. Dividends can be distributed in the form of cash or stock or a combination of both cash and stock, out of which at least 20% of the total dividends distributed shall be in cash.

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.

In addition, the shareholders' meeting of the Company resolved on March 30, 2021 to offset losses with a capital surplus of $53,992 thousand.

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 29, 2022, were as follows:

	Appropriation of Earnings	**Cash Dividends Per Share (NT$)**
Cash dividends to shareholders	$ 175,710	$2.5
Legal capital reserve	44,490	-
Special capital reserve	7,875	-

The above appropriation for cash dividends was resolved in the shareholders' regular meeting on June 22, 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Beginning of the period	$ -	$ (1,952)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(9,844)	140
Income tax that may be reclassified subsequently to profit or loss	1,969	(488)
Disposal of subsidiaries (Note 21)	-	2,300
End of the period	$ (7,875)	$ -

17. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the rendering of services	$ 715,243	$ 89,929
Revenue from the sale of goods	9,532	-
	$ 724,775	$ 89,929

	For the Year Ended December 31		January 1,
	2021	2020	2020
Contract balances			
Trade receivables	$ 5,813	$ 5,702	$ -
Trade receivables from related parties (Note 25)	$ 230,275	$ -	$ 1,406

18. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Bank deposits	$ 210	$ 372
Others	7	-
	$ 217	$ 372

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 1	$ 22

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (7,621)	$ (4,296)
Loss on disposal of property, plant and equipment	(300)	(2)
Gain on lease modification	18	-
Others (Note 25)	(251)	2,296
	$ (8,154)	$ (2,002)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on lease liabilities	$ 137	$ 25
Other	2	-
	$ 139	$ 25

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 623	$ 277
Right-of-use assets	3,986	1,392
Intangible assets	1,513	133
	$ 6,122	$ 1,802
An analysis of depreciation by function		
Operating cost	$ 176	$ 520
Operating expenses	4,433	1,149
	$ 4,609	$ 1,669
An analysis of amortization by function		
Operating cost	$ 317	$ 106
Operating expenses	1,196	27
	$ 1,513	$ 133

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits		
Salary	$ 137,947	$ 25,932
Labor and health insurance	5,969	1,260
Post-employment benefits		
Defined contribution plans	3,589	741
Other employee benefits	2,260	620
Total employee benefits expense	$ 149,765	$ 28,553
An analysis of employee benefits expense by function		
Operating costs	$ 4,691	$ 14,029
Operating expenses	145,074	14,524
	$ 149,765	$ 28,553

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Since there was accumulated deficit as of December 31, 2020, the Company did not estimate compensation of employees and the remuneration of directors. The estimated compensation of employees and the remuneration of directors for the year ended December 31, 2021 is as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	1%
Remuneration of directors	0%

Amount

	For the Year Ended December 31, 2021
Compensation of employees	$ 5,012
Remuneration of directors	-

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

Since there was accumulated deficit as of December 31, 2020 and 2019, the Company did not estimate compensation of employees and the remuneration of directors.

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.

19. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 52,009	$ -
Deferred tax		
In respect of the current year	(692)	-
Income tax expense recognized in profit or loss	$ 51,317	$ -

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2021	2020
Income before tax	$ 488,697	$ 47,181
Income tax expense at the statutory rate	$ 97,739	$ 9,436
Nondeductible items in determining taxable income	6,384	3,960
The origination and reversal of temporary differences	(597)	-
Income tax adjustments on prior years	(52,209)	(13,396)
Income tax expense recognized in profit or loss	$ 51,317	$ -

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Recognized in current year		
Exchange differences on the translation of the financial statements of foreign operations	$ (1,969)	$ 488
Income tax expense recognized in other comprehensive income	$ (1,969)	$ 488

c. Current tax assets

	December 31	
	2021	2020
Current tax assets		
Income tax refund receivable	$ -	$ 32

d. Deferred income tax balance

	Year Ended December 31, 2021			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets				
Temporary differences				
Exchange losses or gains	$ -	$ 692	$ -	$ 692
Exchange differences on the translation of the financial statements of foreign operations	-	-	1,969	1,969
	$ -	$ 692	$ 1,969	$ 2,661

	Year Ended December 31, 2020			
	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred income tax assets				
Temporary differences				
Exchange differences on the translation of the financial statements of foreign operations	$ 488	$ -	$ (488)	$ -

e. Unused loss carryforwards and for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2021	$ -	$ 71,380
Expiry in 2022	-	21,857
Expiry in 2025	-	4,790
Expiry in 2026	-	89,150
Expiry in 2027	-	30,029
Expiry in 2028	-	26,012
Expiry in 2029	-	17,828
	$ -	$ 261,046

f. Income tax examination

The tax authorities have examined income tax returns of the Company through 2019. All investment tax credit adjustments assessed by the tax authorities have been recognized accordingly.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	December 31	
	2021	2020
Basic earnings per share		
From continuing operations	$ 6.33	$ 1.43
From discontinued operations	-	(0.67)
Total basic earnings per share	$ 6.33	$ 0.76
Diluted earnings per share		
From continuing operations	$ 6.33	$ 1.43
From discontinued operations	-	(0.67)
Total diluted earnings per share	$ 6.33	$ 0.76

The weighted average number of shares outstanding used for the earnings per share computation was as follows:

Net Profit for the Period

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 444,895	$ 25,148
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	-	22,033
Earnings used in the computation of basic and diluted earnings per share	$ 444,895	$ 47,181

Ordinary Shares

	For the Year Ended December 31	
	2021	**2020**
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,284	33,007
Effect of potential dilutive common stock:		
Compensation of employees	54	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	70,338	33,007

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

21. DISPOSAL OF SUBSIDIARIES

On March 31, 2020, the Company entered into an agreement for the sale of shares to its related party, Columbus Investment Limited, on which date control of Service & Quality Technology (Hong Kong) Co., Ltd. (including all its subsidiaries) passed to the acquirer.

The ultimate beneficiary of Columbus Investment Limited is also the ultimate beneficiary of the Company's corporate director and corporate shareholder. The share sale is considered equity transaction of entities under common control. The disposal benefits have been adjusted to the capital surplus. Please refer to Note 11.

22. CASH FLOW INFORMATION

a. Non-cash transactions

The Group acquired property, plant and equipment in 2021; the amount was $1,425 thousand (Note 14). Payments for the acquisition of property, plant and equipment amounted to $8,579 thousand in total.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

		Cash Flows			Non-cash Changes		
	Opening Balance	Financing Activities	Operating Activities	New Leases	Interest Expense Amortization	Effect of Exchange Rate Changes	Closing Balance
Other payables from related parties	$ 12,995	$ (12,995)	$ -	$ -	$ -	$ -	$ -
Lease liabilities	1,177	(1,523)	(25)	2,787	25	-	2,441
	$ 14,172	$ (14,518)	$ (25)	$ 2,787	$ 25	$ -	$ 2,441

23. CAPITAL MANAGEMENT

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

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

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

24. FINANCIAL INSTRUMENTS

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

The management of the Company believes the carrying amount of the Company's financial instruments not measured at fair value are close to the fair value.

b. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (Note 1)	$ 519,845	$ 863,217
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	9,097	3,277

Note 1: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, refundable deposits and other financial assets.

Note 2: The balances included financial liabilities at amortized cost, which comprise trade payables and part of other payables (excluding salary, bonus and business tax payable).

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, equity and debt investments, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company'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 Company is a multinational operation, so it is subject to foreign currency risks arising from a variety of different currencies. Foreign currency risks arise from future commercial transactions and recognized assets and liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 28.

Sensitivity analysis

The Company is mainly exposed to the USD, RMB and HKD.

The following table details the Company's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthened by 5% against the relevant currency. For a 1% weakening 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.

	U.S. Dollar		Renminbi		HK Dollar	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020	2021	2020
Pre-tax profit	$ 16,710	$ 4,277	$ -	$ -	$ -	$ -

The result was mainly attributable to the exposure on the foreign currency bank deposits, outstanding other receivables and payables that were not hedged at the end of the period.

b) Interest rate risk

The Company's exposure to fair value interest rate risk is on the Company's borrowings at fixed interest rates.

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

	December 31	
	2021	**2020**
Cash flows interest rate risk		
Financial liabilities	$ 10,460	$ 2,441
Cash flows interest rate risk		
Financial assets	281,671	856,633

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and 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 period was outstanding for the whole year. A 25 basis point increase or decrease is 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 Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $704 thousand and $2,142 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

The Company's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate other financial assets.

2) Credit risk

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

It is the Company's policy that transactions only be dealt with creditworthy counterparties. Credit information of transaction parties are gathered by independent rating agencies by conducting credit search and analysis. Credits are then given to parties, according to its nature of transaction, financial status and conditions of collateral, with terms to be renewed after careful reexamination to ensure credit risk of counterparties are within scope of the Company. The clients of the Company are widely spread and the Company analyzes its numerous clients' financial status continuously.

The Company's concentration of credit risk was related to the five largest customers within the Company. As of December 31, 2021 and 2020, the percentage of total trade receivables from the top five customers was 100%.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest rate risk table of non-derivative financial liabilities

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

December 31, 2021

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 9,173	$ -	$ -	$ -
Lease liabilities	-	2,703	8,007	-
	$ 9,173	$ 2,703	$ 8,007	$ -

December 31, 2020

	Less than 1 Month	1-3 Months	3 Months - 1 Year	More than 1 Year
Non-derivative financial liabilities				
Non-interest bearing	$ 2,898	$ 379	$ -	$ -
Lease liabilities	119	238	1,071	1,190
	$ 3,017	$ 617	$ 1,071	$ 1,190

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Trantest Enterprise Limited	Subsidiaries (after April 9, 2021)
Trantest Precision (China) Ltd.	Subsidiaries (after April 9, 2021)
Columbus Investment Limited	Related parties (the ultimate beneficiary is the ultimate beneficiary of the Company's corporate director and corporate shareholder)
Service & Quality Technology (Hong Kong) Co., Ltd.	Related parties (subsidiaries before March 31, 2020; now as brother company)
Better Shares Limited	Related parties (investee of indirect subsidiary of the Company before March 31, 2020; now as brother company)
Service & Quality (Shenzhen) Commercial Co., Ltd.	Same as above
Shenzhen Zyeeda Information Technology Co., Ltd.	Same as above
Shanghai OhYeah Network Technology Co., Ltd.	Same as above
Liu Fang Jung	Related parties

b. Net revenue

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Net revenue from the rendering of services	Trantest Enterprise Limited	$ 684,416	$ -
	Trantest Precision (China) Ltd.	16,902	-
		$ 701,318	$ -
Net revenue from the sale of goods	Trantest Precision (China) Ltd.	$ 597	$ -

Net revenue from the rendering of services is calculated after considering the strategic divisions of the Group. The trading price depends on the function within the Group.

Sales prices of goods for related parties and third parties were similar. Payment terms are 30-60 days from the end of the month.

c. Purchases

Related Party Categories	For the Year Ended December 31 2021	2020
Trantest Precision (China) Ltd.	$ 6,871	$ -

Purchase prices for related parties and third parties were similar. Payment terms are 30 days from the end of the month.

d. Lease arrangements

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Lease expense	Related parties	$ 162	$ 216

The rent paid by the related parties for the commercial space for operational purposes is paid on a monthly basis at the agreed price.

e. Receivables from related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Receivables from related parties	Trantest Enterprise Limited	$ 230,275	$ -

Trade receivables from related parties were assessed to have no debt risk, hence no bad debt expense had been recognized for the years ended December 31, 2021 and 2020.

f. Payables to related parties

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Payables to related parties	Trantest Precision (China) Ltd.	$ 1,289	$ -

g. Other gains and losses

Lin Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Other	Related parties	$ -	$ 2,296

The Company and its related parties - Service & Quality Technology (Hong Kong) Co., Ltd., Better Shares Limited, Service & Quality (Shenzhen) Commercial Co., Ltd., Shenzhen Zyeeda Information Technology Co., Ltd. and Shanghai OhYeah Network Technology Co., Ltd. signed an agreement on the elimination of credit and debts on May 11, 2020. The Company agreed that the creditor's rights of Service & Quality (Shenzhen) Commercial Co., Ltd., Shenzhen Zyeeda Information Technology Co., Ltd. and Shanghai OhYeah Network Technology Co., Ltd. of RMB2,246 thousand, RMB550 thousand and RMB385 thousand, respectively (trade receivables $1,413 thousand and other receivables $12,794 thousand on May 11, 2020) were completely eliminated, and the Company promised not to pursue claims from the debtors; in addition, Service & Quality Technology (Hong Kong) Co., Ltd. and Better Shares Limited agreed that the claim for US$340 thousand and HK$1,507 thousand against the Company (trade payables $3,093 thousand and other payables $13,410 thousand on May 11, 2020) were all eliminated, and the creditors promised not to pursue claims from the Company. According to the agreement, the Company offsets the above accounts and adjusts the difference of $2,296 thousand to other gains and losses.

h. Refundable deposits

Line Item	Related Party Categories/ Name	For the Year Ended December 31 2021	2020
Other	Related parties	$ -	$ 54

i. Remuneration of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 15,993	$ 14,155
Post-employment benefits	336	186
	$ 16,329	$ 14,341

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

j. Other

For the disposal of Service & Quality Technology (Hong Kong) Co., Ltd. between the Company and Columbus Investment Co., Ltd. on March 31, 2020, refer to Notes 11 and 24.

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

27. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In response to the overall operational development requirements of the group, the Company's board of directors passed the group organizational structure adjustment on March 29, 2022, and it is proposed that Trantest Enterprise Limited purchase 100% of the equity held by Trantest Enterprise Limited, and after the completion of the equity conversion, the operation of Trantest Enterprise Limited will cease. Upon the extinction of the acquired company, the acquirer Trantest Enterprise Limited will assume all rights and obligations of the acquired company.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of Foreign Currency and New Taiwan Dollars)

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 12,074	27.68 (USD:NTD)	$ 334,208

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,000	28.51 (USD:NTD)	$ 85,539

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange loss were NT$7,621 thousand and NT$4,296 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: Table 1

3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 3

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 6

b. Information on investments in mainland China

1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 7.

2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 8.

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

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

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

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

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

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving 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.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	$ 259,542	$ 222,400	$ 221,440	$ -	$ -	17%	$ 519,085	Y	N	N
		Trantest Enterprise Limited	Subsidiary	259,542	222,400	221,440	-	-	17%	519,085	Y	N	N

Note: The Company's maximum total endorsement amount is 40% of the net equity in the financial statements. The Company's maximum endorsement amount for each endorsed entity is 20% of the net equity in latest financial statements of the Company or the net value of the endorsee company, whichever is lower.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Trantest Precision (China) Ltd.	Non-principal investment products: Qian Yuan - Si Xiang Jing Xin Jing Li product	-	Financial assets at fair value through profit or loss	-	$ 44,483	-	$ 44,483	

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				xxx	Ending Balance	
					Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)	Carrying Value (Foreign Currencies in Thousands)	Gain/Loss on Disposal (Foreign Currencies in Thousands)		Shares/Units (In Thousands)	Amount (Foreign Currencies in Thousands)
Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Investments accounted for using equity method	-	None	-	$ -	2,000	$ 388,050	-	$ -	$ -	$ -	$ (1,076)	2,000	$ 386,974
Trantest Enterprise Limited	Trantest Precision (China) Limited	Investments accounted for using equity method	-	None	-	-	-	228,419	-	-	-	-	(26,665)	-	201,754

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service	$ 684,416	94	30 days from the end of the month	$ -	-	$ 230,275	98	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Brother company	Sale	944,423	72	Same as above	-	-	-	-	-

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	$ 230,275	3.96	$ -	-	$ 230,275	$ -

TABLE 6

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income of the Investee	Share of Profit	Note
				December 31, 2021	December 31, 2020	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	$ 507,367 (US$ 18,035)	$ -	18,035	100	$ 474,199	$ (26,743)	$ (31,392)	
	Trantest Enterprise Ltd.	Samoa	Sales of precision testing equipment	388,050 (US$ 13,633)	-	2,000	100	386,974	6,892	6,892	

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	$ 238,747 (RMB 55,000)	b	$ -	$ 228,419 (US$ 8,025)	$ -	$ 228,419 (US$ 8,025)	51	$ (52,275)	$ (26,660) (Notes 2, b, 3)	$ 201,754	$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$289,108 (US$9,944)	$289,581 (US$9,960)	$889,422

Note 1: Methods of investment have following type:

a. Direct investment in mainland China.

b. Indirect investment through a company registered in a third region.

c. Others.

Note 2: The amount recognized in investment income in the current year:

a. Should be indicated if currently under preparation and not generating investment income.

b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:

1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
2) Amount was recognized based on the parent company’s audited financial statements.
3) Others.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

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)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Precision (China) Ltd	Sales	$ 944,423	72	30 days after sales for parts	Its trading price depends on its function within the Group	$ -	-	$ 4,549	

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Eriksson Capital Co., Ltd.	37,251,000	53.00
Indicate Investment Ltd.	10,671,847	15.18
La Ge Na Capital Co., Ltd.	10,543,000	15.00

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.

AETHERTEK TECHNOLOGY CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash		
Petty cash		$ 180
Cash in banks		
Demand deposits		181,907
Foreign currency deposits	Including US$3,596 thousand @27.68, EUR6 thousand @31.32 and RMB5 thousand @4.344	99,764
		281,671
		$ 281,851

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Trantest Enterprise Limited	Sales of precision testing equipment	$ 230,275
Non-related parties		
Client A	Computers, phones OEM and cloud software and hardware integration	$ 5,813

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2021	Additions in Investment	Decrease in Investment	Increase (Decrease) in Invest	Exchange Differences on the Translation of the Financial of Foreign Operations	Balance, December 31, 2021			Market Value or Net Assets Value	Collateral
						Shares	%	Amount		
Trantest Enterprise Limited	$ -	$ 507,367	$ -	$ (31,292)	$ (1,876)	18,035	100	$ 474,199	$ 469,649	Nil
Trantest Enterprise Limited	-	388,050	-	6,892	(7,968)	-	100	386,974	285,980	Nil
	$ -	$ 895,417	$ -	$ (24,400)	$ (9,844)			$ 861,173	$ 755,629	

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Inventory, beginning of year	$ -
Purchased	9,359
Sales available products	9,359
Inventory, end of year	(2,668)
Cost of goods sold	6,691
Cost from the rendering of services	6,528
Operating costs	$ 13,219

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll and related expense	$ 29,000	$ 35,273	$ 72,805	$ 137,078
Professional service fees	-	11,920	3,333	15,253
Insurance	1,211	1,537	3,061	5,809
Depreciation expense	656	2,054	1,723	4,433
Others (Note)	4,777	7,129	8,390	20,296
	$ 35,644	$ 57,913	$ 89,312	$ 182,869

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	2021			2020		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 4,332	$ 131,045	$ 135,377	$ 13,294	$ 10,929	$ 24,223
Labor and health insurance	178	5,791	5,969	341	919	1,260
Pension	126	3,463	3,589	249	492	741
Board compensation	-	2,570	2,570	-	1,709	1,709
Others	55	2,205	2,260	145	475	620
	$ 4,691	$ 145,074	$ 149,765	$ 14,029	$ 14,524	$ 28,553
Depreciation	$ 176	$ 4,433	$ 4,609	$ 520	$ 1,149	$ 1,669
Amortization	$ 317	$ 1,196	$ 1,513	$ 106	$ 27	$ 133

Note 1: As of December 31, 2021 and 2020, the Company had 66 and 19 employees, respectively. There were 3 and 4 non-employee directors.

Note 2: Average labor cost for the years ended December 31, 2021 and 2020 were $2,336 thousand and $1,790 thousand, respectively.

Note 3: Average salary and bonus for the years ended December 31, 2021 and 2020 were $2,149 thousand and $1,615 thousand, respectively. The average salary and bonus increased by 33.07% year over year.

Note 4: The Company did not have supervisors for the years ended December 31, 2021 and 2020.

Note 5: The Company's compensation policies:

Principles of remuneration policy formulation

a) Employee salary: Employee compensation mainly includes basic salary (salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus. Refer to the industry salary market conditions, job categories, academic experience, professional knowledge and technology, professional seniority experience, and approve the salary to be better than the average market situation in the industry market.

b) The remuneration policy for the manager is based on the Company's business strategy, profitability, performance and job contribution and other factors, and with reference to the salary market level, and is implemented by the salary and remuneration committee after the proposal is approved by the board of directors.

c) Individual performance bonus: Bonuses are issued according to the Company's operational performance and the individual performance of employees.

d) Annual salary adjustment: The Company carries out a salary adjustment once a year according to the overall economic environment, operating profits, employee performance appraisal results of the current year and the long-term development of employees, and with reference to the salary level of the same industry and the overall salary adjustment in the industry.

The correlation between business performance and employee compensation

When the Company has a profit at the end of the fiscal year, it shall allocate not less than 1% as compensation of employees, which shall be distributed in stock or cash by the resolution of the board of directors, and the object of the distribution shall include the employees of the subordinate companies who meet certain conditions; the Company's board of directors may allocate not more than 3% of the profit as remuneration of directors. The distribution of compensation of employees and remuneration of directors shall be reported at the shareholders' meeting. If the Company has accumulated losses, the losses shall be first recovered from future earnings, and then allocate for compensation of employees and remuneration of directors in accordance with the abovementioned proportions.