MSSCORPS 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 Shareholders
MSSCORPS CO., LTD.

Opinion

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

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

<u>The Authenticity of the Specific Customers' Operating Revenue</u>

The Company's operating revenue was $1,336,466 thousand in 2021, and the overall operating revenue growth rate was about 23% this year. However, the total operating revenue from major customers (excluding subsidiaries) who with higher revenue growth rates than average accounted for approximately 48% of the Company's overall operating revenue, resulting in a significant impact on the financial statements of the Company. Therefore, we assessed that the main risk of occurrence of operating revenue from major customers who with higher revenue growth rates than average as a key audit matter. The accounting policies related to revenue recognition, refer to Note 4 to the financial statements.

The audit procedures that we performed in respect of the operating revenue from the aforementioned customers are as follows:

1. We understood the design of internal controls related to the recognition of sales revenue, checked that the relevant controls were implemented and designed, evaluated the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Company's internal controls.

2. We obtained the list of the aforementioned customers in 2021, and checked whether their relevant backgrounds, transaction amounts, credit amounts and company size are reasonable.

3. We selected samples from the revenue ledger of the aforementioned customers, and obtained the customer master file, service order, customer acceptance confirmation letter, sales invoice, payment receipt and other materials to confirm the authenticity of the operating revenue.

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 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 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.

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 Keng-Hsi Chang and Chun-Ming Hsueh.

Chang Keng Hsi Hsueh Chun Ming

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 8, 2022

<u>Notice to Readers</u>

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

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

MSSCORPS CO., LTD.

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

ASSETS	2021 Amount	2021 %	2020 Amount	2020 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 386,476	14	$ 225,116	10
Notes receivable (Notes 4, 9 and 20)	283	-	1,378	-
Trade receivables (Notes 4, 5, 9 and 20)	383,538	13	295,338	13
Trade receivables from related parties (Notes 4, 5, 20 and 28)	152	-	2,756	-
Other receivables (Notes 4, 9 and 25)	-	-	110	-
Other receivables from related parties (Notes 4 and 28)	-	-	34	-
Inventories (Notes 4 and 10)	-	-	-	-
Prepayments (Note 15)	69,952	2	74,025	3
Total current assets	840,401	29	598,757	26
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	-	-	-	-
Investments accounted for using the equity method (Notes 4 and 11)	481,133	17	363,556	16
Property, plant and equipment (Notes 4, 12, 28 and 29)	1,273,875	45	988,262	42
Right-of-use assets (Notes 4 and 13)	124,094	4	133,513	6
Other intangible assets (Notes 4 and 14)	7,040	-	1,716	-
Deferred tax assets (Notes 4 and 22)	9,740	-	6,833	-
Other non-current assets (Notes 4 and 15)	127,964	5	225,910	10
Total non-current assets	2,023,846	71	1,719,790	74
TOTAL	$ 2,864,247	100	$ 2,318,547	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	$ -	-	$ 3,486	-
Contract liabilities - current (Notes 4 and 20)	13,935	-	11,142	1
Trade payables	25,948	1	12,009	1
Other payables (Notes 17 and 25)	190,270	7	142,778	6
Current tax liabilities (Note 4)	17,824	-	27,212	1
Lease liabilities - current (Notes 4 and 13)	28,627	1	24,892	1
Deferred revenue - current (Notes 4, 17 and 24)	1,773	-	373	-
Current portion of long-term borrowings (Notes 4, 16, 24 and 29)	79,393	3	78,240	3
Refund liabilities - current (Notes 4, 17 and 20)	23,630	1	15,008	1
Other current liabilities (Note 17)	7,488	-	6,361	-
Total current liabilities	388,888	13	321,501	14
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4, 16, 24 and 29)	486,321	17	308,941	13
Lease liabilities - non-current (Notes 4 and 13)	99,337	4	111,699	5
Deferred tax liabilities (Notes 4 and 22)	4,330	-	-	-
Deferred revenue - non-current (Notes 4, 17 and 24)	5,645	-	3,421	-
Total non-current liabilities	595,633	21	424,061	18
Total liabilities	984,521	34	745,562	32
EQUITY (Notes 4 and 19)				
Share capital				
Ordinary shares	412,772	14	392,772	17
Capital surplus	854,066	30	714,066	31
Retained earnings				
Legal reserve	85,211	3	70,020	3
Special reserve	8,388	-	-	-
Unappropriated earnings	530,236	19	404,515	17
Total retained earnings	623,835	22	474,535	20
Other equity	(10,947)	-	(8,388)	-
Total equity	1,879,726	66	1,572,985	68
TOTAL	$ 2,864,247	100	$ 2,318,547	100

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

MSSCORPS 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				
Service revenue (Notes 4, 20 and 28)	$ 1,336,466	100	$ 1,088,079	100
OPERATING COSTS				
Service costs (Notes 21 and 28)	(883,873)	(66)	(683,015)	(63)
Other operating costs (Note 10)	-	-	(685)	-
Total operating costs	(883,873)	(66)	(683,700)	(63)
GROSS PROFIT	452,593	34	404,379	37
OPERATING EXPENSES (Notes 9 and 21)				
Selling and marketing expenses	(27,501)	(2)	(23,203)	(2)
General and administrative expenses	(158,277)	(12)	(124,593)	(12)
Research and development expenses	(51,715)	(4)	(47,998)	(4)
Expected credit loss	-	-	(316)	-
Total operating expenses	(237,493)	(18)	(196,110)	(18)
PROFIT FROM OPERATIONS	215,100	16	208,269	19
NON-OPERATING INCOME AND EXPENSES (Notes 4, 21, 24 and 28)				
Interest income	111	-	121	-
Other income	2,993	-	1,621	-
Other gains and losses	4,250	-	(425)	-
Finance costs	(8,596)	-	(6,804)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures	64,826	5	(14,741)	(1)
Total non-operating income and expenses	63,584	5	(20,228)	(2)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	278,684	21	188,041	17
INCOME TAX EXPENSE (Notes 4 and 22)	(26,191)	(2)	(28,935)	(2)
NET PROFIT FOR THE YEAR	252,493	19	159,106	15

(Continued)

MSSCORPS 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) (Notes 4, 19 and 22)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (3,199)	-	$ 6,899	-
Income tax relating to items that may be reclassified subsequently to profit or loss	640	-	(1,380)	-
Other comprehensive (loss) income for the year, net of income tax	(2,559)	-	5,519	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 249,934	19	$ 164,625	15
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	$ 6.21		$ 4.05	
Diluted	$ 6.17		$ 3.98	

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

MSSCORPS CO., LTD.

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

	Share Capital		Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 392,772	$ 714,066	$ 60,841	$ -	$ 333,142	$ (9,657)	$ (4,250)	$ 1,486,914
Appropriation of 2019 earnings (Note 19)								
Legal reserve	-	-	9,179	-	(9,179)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(78,554)	-	-	(78,554)
Net profit for the year ended December 31, 2020	-	-	-	-	159,106	-	-	159,106
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	-	5,519	-	5,519
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	159,106	5,519	-	164,625
BALANCE AT DECEMBER 31, 2020	392,772	714,066	70,020	-	404,515	(4,138)	(4,250)	1,572,985
Appropriation of 2020 earnings (Note 19)								
Legal reserve	-	-	15,191	-	(15,191)	-	-	-
Special reserve	-	-	-	8,388	(8,388)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(103,193)	-	-	(103,193)
Issuance of ordinary shares for cash (Note 19)	20,000	140,000	-	-	-	-	-	160,000
Net profit for the year ended December 31, 2021	-	-	-	-	252,493	-	-	252,493
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(2,559)	-	(2,559)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	252,493	(2,559)	-	249,934
BALANCE AT DECEMBER 31, 2021	$ 412,772	$ 854,066	$ 85,211	$ 8,388	$ 530,236	$ (6,697)	$ (4,250)	$ 1,879,726

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

MSSCORPS 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	$ 278,684	$ 188,041
Adjustments for:		
Depreciation expenses	377,470	307,926
Amortization expenses	2,318	630
Expected credit loss recognized on trade receivables	-	316
Net loss on fair value changes of financial liabilities at fair value through profit or loss	600	2,591
Finance costs	8,596	6,804
Interest income	(111)	(121)
Share of (profit)/loss of subsidiaries, associates and joint ventures	(64,826)	14,741
Gain on disposal of property, plant and equipment	(464)	(553)
Write-downs of inventories	-	685
Net loss on foreign currency exchange	1,576	1,248
Government grants	(1,234)	(136)
Realized gain on purchase of equipment on behalf of subsidiary	-	(1,525)
Changes in operating assets and liabilities		
Notes receivable	1,095	(88)
Trade receivables	(87,982)	(21,904)
Trade receivables from related parties	2,599	(2,756)
Other receivables	-	1,499
Prepayments	(10,941)	(43,560)
Financial liabilities held for trading	(4,086)	895
Contract liabilities	2,793	1,329
Notes payable	-	(310)
Trade payables	13,939	(3,099)
Other payables	47,175	24,804
Refund liabilities	8,622	3,803
Other current liabilities	1,127	1,620
Cash generated from operations	576,950	482,880
Interest received	111	121
Interest paid	(6,823)	(6,555)
Income tax paid	(33,516)	(17,080)
Net cash generated from operating activities	536,722	459,366
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(484,566)	(220,741)
Proceeds from disposal of property, plant and equipment	22,092	349
Increase in refundable deposits	(981)	(1,906)
Decrease in other receivables from related parties	34	23,304
Payments for intangible assets	(2,984)	(701)
Increase in prepayments for equipment	(63,052)	(175,613)
Net cash used in investing activities	(529,457)	(375,308)

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MSSCORPS 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		
Proceeds from long-term borrowings	$ 263,000	$ 216,581
Repayments of long-term borrowings	(81,382)	(142,640)
Repayment of the principal portion of lease liabilities	(26,811)	(18,150)
Dividends paid	(103,193)	(78,554)
Issuance of ordinary shares for cash	160,000	-
Acquisition of additional interests in subsidiary	(55,730)	(89,514)
Net cash generated from (used in) financing activities	155,884	(112,277)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(1,789)	(944)
NET INCREASE (DECREASE) IN CASH	161,360	(29,163)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	225,116	254,279
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 386,476	$ 225,116

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

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

1. GENERAL INFORMATION

MSSCORPS CO., LTD. (the "Company") was incorporated in the Republic of China (ROC) on July 27, 2005. The Company mainly engages in the test and analysis of electronic materials, electronics components manufacturing, wholesale of electronic materials, retail sale of electronic materials, international trade and product designing.

The Company's shares have been listed on the emerging stock board of the Taipei Exchange (TPEx) since July 26, 2021.

The shares are widely distributed among a large pool of investors; therefore, there is no ultimate parent company or ownership interest.

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 31, 2022.

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

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the 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 has assessed that the application of aforementioned standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

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

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

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

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

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

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

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

Except for the above impact, as of the date the 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

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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 as 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, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period.

e. Inventories

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

f. Investments in subsidiaries

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

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements.

g. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

ii. Investments in equity instruments at FVTOCI

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable, trade receivables, other receivables and refundable deposits).

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

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

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

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

ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

Except for financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities held for trading as at FVTPL. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the rendering of services

Revenue from the rendering of services comes from test and analysis of electronic material.

The Company recognizes revenue and trade receivables when the promised goods or services are transferred to customers and the performance obligations are satisfied. Estimated trade discounts are generally made and adjusted based on historical experience and the consideration of varying contractual terms to recognize refund liabilities. The receipts in advance received before meeting the aforementioned income recognition conditions are recognized as contract liabilities.

l. Leasing

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

The Company as lessee

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

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

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

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

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

m. Borrowing costs

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

n. Government grants

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

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

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the past default records of the customers, current financial situation and industrial economic situation as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 145	$ 146
Demand deposits	386,331	224,970
	$ 386,476	$ 225,116

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

	December 31	
	2021	2020
Bank balance	0.001%-0.1%	0.001%-0.2%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ 3,486

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2020			
Buy	JPY/NTD	2021.01.08	JPY32,160/NTD8,812
	USD/NTD	2021.01.22	USD1,160/NTD33,512
	USD/NTD	2021.02.04	USD1,040/NTD30,142
	USD/NTD	2021.03.05	USD1,280/NTD37,119
	USD/NTD	2021.03.05	USD1,160/NTD33,493

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - HITEKCORPS CO., LTD.	$ -	$ -

This investment in equity instruments is held for medium- to long-term strategic purposes. Accordingly, the management elected to designate this investment in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in this investment's fair value in profit or loss would not be consistent with the Company's strategy of holding this investment for long-term purposes.

The Company used the market approach to evaluate the fair value of HITEKCORPS CO., LTD. for the years ended December 31, 2021 and 2020, and considered the financial statements and operating conditions of similar companies.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 283	$ 1,378
Less: Allowance for impairment loss	-	-
	$ 283	$ 1,378
Trade receivables		
At amortized cost		
Gross carrying amount	$ 386,141	$ 297,941
Less: Allowance for impairment loss	(2,603)	(2,603)
	$ 383,538	$ 295,338
Other receivables		
Receivables from disposal of equipment (Note 25)	$ -	$ 110

a. Notes receivable

When determining the recoverability of notes receivable, the Company measures any change in credit quality from the original credit date to the balance sheet date. The Company continues to track the counterparty's credit rating, considers the counterparty's past default records, analyzes its current financial position and evaluates the notes receivable to assess whether the credit risk of the notes receivable has increased significantly since initial recognition and to measure the expected credit loss. As of December 31, 2021 and 2020, the Company assessed that there is no need to recognize expected credit losses on notes receivable.

The aging of notes receivable was as follows:

	December 31	
	2021	2020
Not past due	$ 283	$ 1,378

The above aging schedule was based on the number of past due days from end of credit term.

b. Trade receivables

The average credit period of sales of services was advance payment to 180 days after the month-end closing. No interest was charged on trade receivables that were past due. In determining the recoverability of trade receivables, the Company measured any change in credit quality from the original credit date to the balance sheet date. Historical experience showed that most accounts were recoverable.

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 year 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 records of the customer, the customer’s current financial position, and economic condition of the industry. 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 customers 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	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	0.34%	0.83%	2.22%	14.51%	29.34%	45.89%-71.17%	100%	
Gross carrying amount	$ 346,572	$ 30,117	$ 8,544	$ 170	$ 21	$ 280	$ 437	$ 386,141
Loss allowance (Lifetime ECLs)	(1,435)	(305)	(231)	(30)	(8)	(157)	(437)	(2,603)
Amortized cost	$ 345,137	$ 29,812	$ 8,313	$ 140	$ 13	$ 123	$ -	$ 383,538

December 31, 2020

	Not past due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	121 to 180 Days Past Due	Over 180 Days Past Due	Total
Expected credit loss rate	0.39%	1.07%	2.91%	11.83%	26.63%	47.38%-63.37%	100%	
Gross carrying amount	$ 273,503	$ 15,557	$ 3,176	$ 4,632	$ 276	$ 310	$ 487	$ 297,941
Loss allowance (Lifetime ECLs)	(1,077)	(166)	(92)	(548)	(74)	(159)	(487)	(2,603)
Amortized cost	$ 272,426	$ 15,391	$ 3,084	$ 4,084	$ 202	$ 151	$ -	$ 295,338

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 2,603	$ 2,287
Add: Net remeasurement of loss allowance	-	316
Balance at December 31	$ 2,603	$ 2,603

c. Other receivables

Other receivables consist of receivables from the disposal of equipment. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company continues to track the counterparty's credit rating, considers the counterparty's past default records, analyzes its current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of December 31, 2021 and 2020, the Company assessed that there is no need to recognize expected credit loss on other receivables.

10. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ -	$ -

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was both $0 thousand. The other operating costs included inventory write-downs of $685 thousand for the years ended December 31, 2020.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Subsidiaries

	December 31	
	2021	2020
TRISTATE INTERNATIONAL CO., LTD. (Note)	$ 481,133	$ 363,556

Note: As of December 31, 2021 and 2020, the carrying amount included the unrealized gain on disposal of property, plant and equipment of $3,966 thousand and $4,186 thousand, respectively.

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2021	2020
TRISTATE INTERNATIONAL CO., LTD. (Note)	100%	100%

Note: The Company participated in TRISTATE INTERNATIONAL CO., LTD.'s cash capital increase of $45,420 thousand (US$1,500 thousand) and $44,094 thousand (US$1,500 thousand) in March and August 2020, respectively. In addition, the Company participated in a cash capital increase of $55,730 thousand (US$2,000 thousand) in TRISTATE INTERNATIONAL CO., LTD. in November 2021.

Refer to Tables 2 and 3 for the details of the subsidiaries indirectly held by the Company.

The investment accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of the investment in subsidiaries were calculated based on the subsidiaries' financial statements which have been audited for the same year.

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Machinery and Equipment	Office Equipment	Lease Improvement	Transportation Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 1,725,131	$ 20,448	$ 52,580	$ -	$ 18,253	$ 1,816,412
Additions	451,722	2,284	23,282	-	7,595	484,883
Reclassifications (Note)	167,848	-	4,171	-	316	172,335
Disposals	(293,498)	(2,530)	(4,995)	-	(3,285)	(304,308)
Balance at December 31, 2021	$ 2,051,203	$ 20,202	$ 75,038	$ -	$ 22,879	$ 2,169,322
Accumulated depreciation						
Balance at January 1, 2021	$ 786,863	$ 7,837	$ 23,244	$ -	$ 10,206	$ 828,150
Depreciation expenses	324,516	5,910	14,200	-	5,241	349,867
Disposals	(271,763)	(2,527)	(4,995)	-	(3,285)	(282,570)
Balance at December 31, 2021	$ 839,616	$ 11,220	$ 32,449	$ -	$ 12,162	$ 895,447
Carrying amount at December 31, 2021	$ 1,211,587	$ 8,982	$ 42,589	$ -	$ 10,717	$ 1,273,875
Cost						
Balance at January 1, 2020	$ 1,686,490	$ 22,995	$ 74,379	$ 1,632	$ 35,379	$ 1,820,875
Additions	227,239	8,405	5,039	-	1,750	242,433
Reclassifications (Note)	46,786	-	138	-	114	47,038
Disposals	(235,384)	(10,952)	(26,976)	(1,632)	(18,990)	(293,934)
Balance at December 31, 2020	$ 1,725,131	$ 20,448	$ 52,580	$ -	$ 18,253	$ 1,816,412
Accumulated depreciation						
Balance at January 1, 2020	$ 753,805	$ 14,119	$ 39,235	$ 1,632	$ 24,429	$ 833,220
Depreciation expenses	268,331	4,670	10,985	-	4,754	288,740
Disposals	(235,273)	(10,952)	(26,976)	(1,632)	(18,977)	(293,810)
Balance at December 31, 2020	$ 786,863	$ 7,837	$ 23,244	$ -	$ 10,206	$ 828,150
Carrying amount at December 31, 2020	$ 938,268	$ 12,611	$ 29,336	$ -	$ 8,047	$ 988,262

Note: Transferred from other non-current assets - prepayments for equipment.

For the years ended December 31, 2021 and 2020, no impairment assessment was performed as there were no indications of impairment.

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

Machinery and equipment	3-10 years
Office equipment	2-3 years
Lease improvement	3-10 years
Transportation equipment	3-5 years
Other equipment	3-5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Buildings	$ 120,418	$ 130,755
Office equipment	816	1,252
Transportation equipment	2,860	1,506
	$ 124,094	$ 133,513

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 18,184	$ 37,360
Depreciation charge for right-of-use assets		
Buildings	$ 25,936	$ 17,728
Office equipment	436	406
Transportation equipment	1,231	1,052
	$ 27,603	$ 19,186

Except for the above listed additions and recognized depreciation expense, the Company did not recognize or reverse an impairment loss for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 28,627	$ 24,892
Non-current	99,337	111,699
	$ 127,964	$ 136,591

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.21%-1.72%	1.66%-1.72%
Office equipment	1.66%-1.72%	1.66%-1.72%
Transportation equipment	1.21%-1.72%	1.66%-1.72%

c. Material leasing activities and terms

The Company leases buildings for the use of plants and offices with lease term of 1-10 years, certain office equipment for the use of offices with lease terms of 5 years and transportation equipment for the use of transportation of goods with lease terms of 3 years. The Company does not have bargain purchase options to acquire the buildings, office equipment and transportation equipment at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2021	**2020**
Expenses relating to short-term leases	$ 3,674	$ 3,330
Expenses relating to low-value asset leases	$ 440	$ 296
Total cash outflow for leases	$ (33,027)	$ (23,592)

The Company leases buildings and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset 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.

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 2,597
Additions	2,984
Reclassifications (Note)	4,658
Disposals	(318)
Balance at December 31, 2021	$ 9,921
Accumulated amortization	
Balance at January 1, 2021	$ 881
Amortization expenses	2,318
Disposals	(318)
Balance at December 31, 2021	$ 2,881
Carrying amount at December 31, 2021	$ 7,040

(Continued)

	Computer Software
Cost	
Balance at January 1, 2020	$ 2,478
Additions	701
Reclassifications (Note)	144
Disposals	(726)
Balance at December 31, 2020	$ 2,597
Accumulated amortization	
Balance at January 1, 2020	$ 977
Amortization expenses	630
Disposals	(726)
Balance at December 31, 2020	$ 881
Carrying amount at December 31, 2020	$ 1,716

(Concluded)

Note: Transferred from other non-current assets - prepayments for equipment.

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

15. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments for salary	$ 48,263	$ 40,738
Prepaid expenses	21,689	33,287
	$ 69,952	$ 74,025
Non-current		
Prepayments for equipment	$ 64,472	$ 178,413
Prepayments for salary	55,324	40,310
Refundable deposits (Note)	8,168	7,187
	$ 127,964	$ 225,910

Note: The Company considers the historical experience, the current market conditions of the debtor and forward-looking information to measure 12-month or lifetime expected credit losses. As of December 31, 2021 and 2020, the Company assessed that there was no need to recognize expected credit loss on refundable deposits.

16. BORROWINGS

Long-term borrowings

	December 31 2021	December 31 2020
Secured borrowings (Note 29)		
Bank borrowings	$ 572,480	$ 390,862
Less: Unamortized discounts on government grants (Note 24)	(6,766)	(3,681)
Less: Current portion	(79,393)	(78,240)
Long-term borrowings	$ 486,321	$ 308,941

The Company's borrowings were as follows:

Financing Institution	Mortgage or Secured	Financing Period and Repayment Method	December 31 2021 Amount	2021 Rate %	2020 Amount	2020 Rate %
Hua Nan Commercial Bank Ltd. Chu Ko Branch	Machinery and equipment	2016.10.21-2021.10.21, monthly amortization of principal, monthly interest payment	$ -	-	$ 4,560	1.37
Hua Nan Commercial Bank Ltd. Chu Ko Branch	Machinery and equipment	2018.06.07-2023.06.07, monthly amortization of principal, monthly interest payment	6,936	1.37	11,560	1.37
Hua Nan Commercial Bank Ltd. Chu Ko Branch	Machinery and equipment	2018.12.26-2023.12.26, monthly amortization of principal, monthly interest payment	10,738	1.37	16,107	1.37
Hua Nan Commercial Bank Ltd. Chu Ko Branch	Machinery and equipment	2019.01.02-2024.01.02, monthly amortization of principal, monthly interest payment	8,174	1.37	12,097	1.37
Hua Nan Commercial Bank Ltd. Chu Ko Branch (Note 1)	Machinery and equipment (Note 2)	2020.05.29-2027.05.15, 3 years grace period, monthly amortization of average principal after maturity, monthly interest payment	222,102	1.18	88,102	1.18
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch	Machinery and equipment	2016.04.29-2021.04.29, monthly amortization of principal, monthly interest payment	-	-	1,583	1.45
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch	Machinery and equipment	2017.04.28-2022.04.28, monthly amortization of principal, monthly interest payment (early Settlement in January, 2021)	-	-	15,200	1.45
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch	Machinery and equipment	2019.01.19-2024.01.19, monthly amortization of principal, monthly interest payment	20,833	1.45	30,833	1.45
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch	Machinery and equipment	2019.02.12-2024.01.19, monthly amortization of principal, monthly interest payment	16,667	1.45	24,667	1.45
Chang Hwa Commercial Bank, Ltd. Hsinchu Branch (Note 1)	Machinery and equipment (Note 2)	2020.09.29-2027.09.15, 3 years grace period, monthly amortization of average principal after maturity, monthly interest payment	134,500	1.10	70,500	1.10
Cathay United Bank Hsinchu Branch	Machinery and equipment	2019.08.05-2022.05.09, monthly amortization of principal, monthly interest payment	28,958	1.32	40,673	1.32
Mega International Commercial Bank Chu Ko Branch	Machinery and equipment	2018.12.06-2023.12.06, monthly amortization of principal, monthly interest payment	21,551	1.50	32,327	1.50
Mega International Commercial Bank Chu Ko Branch	Machinery and equipment	2018.03.21-2023.03.21, monthly amortization of principal, monthly interest payment	7,041	1.50	12,673	1.50
Mega International Commercial Bank Chu Ko Branch (Note 1)	Machinery and equipment (Note 2)	2020.11.20-2027.11.20, 3 years grace period, monthly amortization of average principal after maturity, monthly interest payment	57,000	1.18	24,000	1.18
E.Sun Commercial Bank, Ltd. (Note 1)	Machinery and equipment (Note 2)	2020.10.21-2025.10.15, 2 years grace period, monthly amortization of average principal after maturity, monthly interest payment	37,980	1.15	5,980	1.15
			572,480		390,862	
Less: Unamortized discounts on government grants			(6,766)		(3,681)	
Less: Current portion			(79,393)		(78,240)	
			$ 486,321		$ 308,941	

Note 1: The Company has obtained a government preferential interest rate loan from the National Development Fund (NDF), "Action Plan for Accelerated Investment by Domestic Corporations", please refer to Note 24 for the details.

Note 2: As of December 31, 2021, it is still in the process of setting up a mortgage guarantee.

The Company used machinery and equipment as collateral to acquire a loan from the bank are set out in Note 29.

17. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payable		
Payables for salaries or bonuses	$ 87,117	$ 65,716
Payables for compensation of employees	33,851	21,719
Payables for purchases of equipment (Note 25)	30,455	30,138
Payables for business tax	13,589	6,179
Payables for remuneration of directors and supervisors	10,170	6,514
Payables for labor and health insurance	5,681	4,745
Payables for pension	3,815	3,419
Others	5,592	4,348
	$ 190,270	$ 142,778
Deferred revenue		
Government grants (Note 24)	$ 1,773	$ 373
Other current liabilities		
Refund liabilities (Note 20)	$ 23,630	$ 15,008
Others		
Receipts under custody	7,394	6,266
Temporary receivables	94	95
	7,488	6,361
	$ 31,118	$ 21,369
Non-current		
Deferred revenue		
Government grants (Note 24)	$ 5,645	$ 3,421

18. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Shares issued and fully paid (in thousands of shares)	41,277	39,277
Shares issued and fully paid	$ 412,772	$ 392,772

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

The shareholders of the Company held their regular meeting on June 24, 2020 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). According to the Company's revised articles, the number of shares authorized is 60,000 thousand shares, and 5,000 thousand shares are reserved within the number of ordinary shares authorized as employee share options. The change was approved by the Ministry of Economic Affairs, R.O.C. in accordance with letter No. 10933397210 on July 17, 2020.

On February 18, 2021, the Company's board of directors resolved to issue 2,000 thousand ordinary shares with a par value of $10, for a consideration of $80 per share which increased the share capital issued and fully paid to $412,772 thousand. The subscription base date was determined by the board of directors to be April 27, 2021.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 781,104	$ 641,104
May only be used to offset a deficit (2)		
Employee share options	72,927	72,927
Expired employee share options	35	35
	$ 854,066	$ 714,066

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

2) Such capital surplus has no cash inflows, so it may be used to offset a deficit only.

The movements of various types of capital surplus in 2021 and 2020 were as follows:

	Issuance of Ordinary Shares	**Employee Share Options**	**Other - Expired Employee Share Options**	**Total**
Balance at January 1, 2020	$ 641,104	$ 72,927	$ 35	$ 714,066
Balance at December 31, 2020	641,104	72,927	35	714,066
Issuance of ordinary shares for cash capital increase	140,000	-	-	140,000
Balance at December 31, 2021	$ 781,104	$ 72,927	$ 35	$ 854,066

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on July 1, 2021 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the Articles after the amendments, where the Company made a profit after considering tax expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit (not applicable when the legal reserve has reached 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 the 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. The Company's dividend policy adopts the principle of prudence and balance, in determining the Company's dividend distribution policy; the Company's board of directors considers the current investment environment, capital needs for future expansions, and cashflow, and distributes no less than 5% of unappropriated earnings to stockholders as dividends and bonuses. Dividends are distributed in the form of cash or stock dividends, where cash dividends should not be lower than 10% of the total bonuses distributed to shareholders. However, when the accumulated unappropriated earnings are less than 5% of the paid-in capital, it may not be distributed. However, the board of directors may adjust the ratio according to the overall operating conditions and capital status of the year within the range specified above, which should be resolved in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit (not applicable when the legal reserve has reached the Company's paid-in capital), and then any remaining profit together with beginning 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. The Company's dividend policy adopts the principle of prudence and balance, in determining the Company's dividend distribution policy; the Company's board of directors considers the current investment environment, capital needs for future expansions, and cashflow, and distributes no less than 5% of unappropriated earnings to stockholders as dividends and bonuses. Dividends are distributed in the form of cash or stock dividends, where cash dividends should not be lower than 10% of the total bonuses distributed to shareholders. However, when the accumulated unappropriated earnings are less than 5% of paid-in capital, it may not be distributed. However, the board of directors may adjust the ratio according to the overall operating conditions and capital status of the year within the range specified above, which should be resolved in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, before and after the amendments please refer to compensation of employees and remuneration of directors and supervisors in Note 21(g).

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.

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

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on July 1, 2021 and June 24, 2020, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 15,191	$ 9,179
Special reserve	$ 8,388	$ -
Cash dividends	$ 103,193	$ 78,554
Cash dividends per share (NT$)	$ 2.50 (Note)	$ 2.00

Note: The cash dividends per share is calculated based on the number of outstanding shares on the ex-dividend date of the Company's 2021 annual general meeting of shareholders. On August 6, 2021, the board of directors decided that August 30, 2021 will be the base date of ex-dividend because the Company issued 2,000 thousand new shares before the base day of ex-dividend, which will affect the number of outstanding shares. After adjusting the dividend rate, the cash dividend per share will be adjusted from 2.627 to 2.50.

The 2019 earnings distribution plan is based on the 2019 annual financial report prepared by the Company in accordance with the Business Entity Accounting Act, the Business Accounting Guidelines and the Enterprise Accounting Standard and its interpretations.

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on March 31, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 25,249
Special reserve	$ 2,559
Cash dividends	$ 185,747
Cash dividends per share (NT$)	$ 4.50

The appropriation of earnings for 2021 will be resolved by the shareholders in their meeting to be held on June 27, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ -	$ -
Appropriations in respect of		
Debits to other equity items	8,388	-
Balance at December 31	$ 8,388	$ -

e. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (4,138)	$ (9,657)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,199)	6,899
Related income tax	640	(1,380)
Other comprehensive income recognized for the year	(2,559)	5,519
Balance at December 31	$ (6,697)	$ (4,138)

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (4,250)	$ (4,250)
Balance at December 31	$ (4,250)	$ (4,250)

20. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Test and Analysis Service	$ 1,336,466	$ 1,088,079

a. Contract information

The customer contracts entered into by the Company are mainly for the provision of customized test and analysis services of electronic materials in the semiconductor industry, where the Company's performance obligation to issue the test and analysis reports to customers. Customers pay the consideration for the contract in accordance with the agreed credit terms and conditions upon completion of each inspection and after verification of the results of the inspection. As the time lag between the transfer of the test and analysis report and the customer's payment is less than one year, no adjustment is made to the substantial financial component of the contract. Taking into account the discount terms of different customer contracts and past experience gained in dealing with customers, the Company estimates the discount amount based on the most probable amount and adjusts the amount of revenue and recognizes the refund liability accordingly.

b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 9)	$ 283	$ 1,378	$ 1,290
Trade receivables (Note 9)	383,538	295,338	274,052
Trade receivables from related parties (Note 28)	152	2,756	-
	$ 383,973	$ 299,472	$ 275,342
Contract liabilities			
Detection and Analysis Service	$ 13,935	$ 11,142	$ 9,813

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

c. Disaggregation of revenue

	For the Year Ended December 31	
	2021	2020
Primary geographical areas markets		
Asia	$ 1,307,802	$ 1,066,706
America	22,210	17,089
Others	6,454	4,284
	$ 1,336,466	$ 1,088,079

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 59	$ 72
Others	52	49
	$ 111	$ 121

b. Other income

	For the Year Ended December 31	
	2021	2020
Government grant income (Note 24)	$ 1,234	$ 136
Others	1,759	1,485
	$ 2,993	$ 1,621

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gain	$ 4,151	$ 233
Realized gain on purchase of equipment on behalf (Note 28)	235	1,529
Gain on disposal of property, plant and equipment (Note 28)	464	553
Loss on financial liabilities held for trading	(600)	(2,591)
Others	-	(149)
	$ 4,250	$ (425)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans (Note 24)	$ 6,494	$ 4,988
Interest on lease liabilities	2,102	1,816
	$ 8,596	$ 6,804

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 365,235	$ 299,675
Operating expenses	12,235	8,251
	$ 377,470	$ 307,926
An analysis of amortization by function		
Operating costs	$ 1,295	$ 77
Operating expenses		
Selling and marketing expenses	-	5
General and administrative expenses	825	496
Research and development expenses	198	52
	$ 2,318	$ 630

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Defined contribution plan	$ 14,407	$ 12,716
Other employee benefits	524,325	422,804
Total employee benefits expense	$ 538,732	$ 435,520
An analysis of employee benefits expense by function		
Operating costs	$ 355,603	$ 284,674
Operating expenses	183,129	150,846
	$ 538,732	$ 435,520

g. Compensation of employees and remuneration of directors and supervisors

The shareholders of the Company held their regular meeting on June 24, 2020 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). According to the Company's Articles after the amendments, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

According to the Articles of Incorporation of the Company before the amendments, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of 3%-15% and 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 31, 2022 and February 18, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	10.49%	10%
Remuneration of directors and supervisors (Note)	3.15%	3%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 33,851	$ 21,719
Remuneration of directors and supervisors (Note)	$ 10,170	$ 6,514

Note: In the shareholders' meeting on July 1, 2021, the Company's shareholders approved the substitution of the audit committee for supervisors.

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.

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

The 2019 compensation of employees and remuneration of directors and supervisors is based on the 2019 annual financial report prepared by the Company in accordance with the Business Entity Accounting Act, the Business Accounting Guidelines and the Enterprise Accounting Standard and its interpretations.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 7,378	$ 2,956
Foreign exchange losses	(3,227)	(2,723)
Net foreign exchange gains	$ 4,151	$ 233

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	**2020**
Current tax		
In respect of the current year	$ 27,902	$ 34,707
Adjustments for prior years	(3,774)	(5,298)
	24,128	29,409
Deferred tax		
In respect of the current year	2,063	(474)
Income tax expense recognized in profit or loss	$ 26,191	$ 28,935

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

	For the Year Ended December 31	
	2021	**2020**
Profit before tax from continuing operations	$ 278,684	$ 188,041
Income tax expense calculated at the statutory rate	$ 55,737	$ 37,608
Nondeductible expenses in determining taxable income	373	7
Investment credits	(16,673)	(5,961)
Unrecognized deductible temporary differences	(9,472)	2,579
Adjustments for prior years' tax	(3,774)	(5,298)
Income tax expense recognized in profit or loss	$ 26,191	$ 28,935

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (640)	$ 1,380

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on write-down of inventories	$ 240	$ (240)	$ -	$ -
Refund liabilities	3,002	1,724	-	4,726
Amortization of expenses	1,091	325	-	1,416
Financial liabilities at FVTPL	697	(697)	-	-
Financial assets at FVTOCI	750	-	-	750
Exchange differences on translating the financial statements of foreign operations	1,035	-	640	1,675
Unrealized foreign exchange loss	18	362	-	380
Unrealized gain on transactions with subsidiaries	-	793	-	793
	$ 6,833	$ 2,267	$ 640	$ 9,740
Deferred tax liabilities				
Temporary differences				
Share of profit of subsidiaries accounted for using the equity method	$ -	$ 4,330	$ -	$ 4,330

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on write-down of inventories	$ 103	$ 137	$ -	$ 240
Refund liabilities	2,241	761	-	3,002
Amortization of expenses	28	1,063	-	1,091
Financial liabilities at FVTPL	-	697	-	697
Financial assets at FVTOCI	750	-	-	750
Exchange differences on translating the financial statements of foreign operations	2,415	-	(1,380)	1,035
Unrealized services costs	2,211	(2,211)	-	-
Unrealized foreign exchange loss	-	18	-	18
	$ 7,748	$ 465	$ (1,380)	$ 6,833
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gain	$ 9	$ (9)	$ -	$ -

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31 2021	2020
Share of profit of subsidiaries accounted for using the equity method	$ -	$ 43,175
Unrealized gain on transactions with subsidiaries	-	4,186
	$ -	$ 47,361

e. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities, and there is no litigation or claim regarding the income tax assessments against the Company.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share		
From continuing operations	$ 6.21	$ 4.05
Diluted earnings per share		
From continuing operations	$ 6.17	$ 3.98

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

Net profit for the year

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 252,493	$ 159,106
Effect of potentially dilutive ordinary shares		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	$ 252,493	$ 159,106

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	40,641	39,277
Effect of potentially dilutive ordinary shares:		
Compensation of employees	276	667
Weighted average number of ordinary shares used in the computation of diluted earnings per share	40,917	39,944

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were 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.

24. GOVERNMENT GRANTS

As of December 31, 2021, the Company has obtained a government preferential interest rate loan of $451,852 thousand from the National Development Fund (NDF), "Action Plan for Accelerated Investment by Domestic Corporations" for the purchase of machinery and equipment. The loan will be amortized by instalments within 5-7 years from the date of first use (including a grace period of 2-3 years). Based on the current market interest rate of 1.10%-1.18%, the fair value of the borrowing is estimated to be $442,794 thousand. The difference between the loan amount and the fair value of the borrowing of $8,788 thousand is due to the preferential interest rate of the government grant, and is recognized as deferred income. The deferred income will be transferred to other income in accordance with its service life when the inspection and acceptance of the machinery and equipment are completed. In 2021 and 2020, the amount transferred to other income was $1,234 thousand and $136 thousand, respectively, and the interest expense recognized on these loan was $1,773 thousand and $249 thousand, respectively.

If the Company fails to meet the key points of the project loan identification during the loan period, and the NDF suspends or stops the loan interest grant, the Company will change to the original agreed interest rate.

25. CASH FLOW INFORMATION

a. Non-cash transactions

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

1) The Company acquired property, plant and equipment that had not yet been paid in the amounts of $30,455 thousand and $30,138 thousand, which were recorded as other payables on December 31, 2021 and 2020, respectively.

2) The Company disposed of property, plant and equipment that had not yet been received in the amounts of $110 thousand, which were recorded as other receivables on December 31, 2020.

b. Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

			Non-cash Changes				
	Opening Balance	Cash Flows	New Leases	Finance Costs	Fair Value Adjustments	Others	Closing Balance
Long-term borrowings	$ 387,181	$ 181,618	$ -	$ 1,773	$ (4,858)	$ -	$ 565,714
Lease liabilities	136,591	(26,811)	18,184	2,102	-	(2,102)	127,964
	$ 523,772	$ 154,807	$ 18,184	$ 3,875	$ (4,858)	$ (2,102)	$ 693,678

For the year ended December 31, 2020

			Non-cash Changes				
	Opening Balance	Cash Flows	New Leases	Finance Costs	Fair Value Adjustments	Others	Closing Balance
Long-term borrowings	$ 316,921	$ 73,941	$ -	$ 249	$ (3,930)	$ -	$ 387,181
Lease liabilities	117,381	(18,150)	37,360	1,816	-	(1,816)	136,591
	$ 434,302	$ 55,791	$ 37,360	$ 2,065	$ (3,930)	$ (1,816)	$ 523,772

26. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

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

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ -	$ -

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ -	$ -
Financial liabilities at FVTPL				
Derivatives - foreign exchange forward contracts	$ -	$ 3,486	$ -	$ 3,486

There were no transfers between Levels 1 and 2 in 2021 and 2020.

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

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

The fair value of domestic unlisted shares is estimated using the market approach, with reference to the financial statements and operating conditions of the Company and other similar companies.

c. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 778,617	$ 531,919
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	3,486
Amortized cost (2)	627,709	433,676

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties) and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise accounts payable, other payables (excluding payables for salaries and bonuses, payables for compensation of employees, payables for business tax, payables for remuneration of directors and supervisors, payables for labor and health insurance and payables for pension) and long-term borrowings.

d. Financial risk management objectives and policies

The Company’s major financial instruments include cash and cash equivalents, investments in equity instruments, receivables, derivatives - foreign exchange forward contracts, long-term borrowings, payables and lease liabilities. The financial risks relating to the operations of the Company’s financial instruments include market risk (including foreign currency risk, interest rate risk and other price 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), interest rates (see (b) below) and other price (see (c) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 31.

Sensitivity analysis

The Company is mainly exposed to the exchange movements in the USD and JPY.

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

	USD Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 332	$ (891)

	JPY Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ 36	$ 50

The result was mainly attributable to the exposure on outstanding cash and cash equivalents, receivables, payables and derivatives - foreign exchange forward contracts in USD and JPY at the end of the year.

The Company's sensitivity to the USD decreased during the current year mainly due to a decrease in USD denominated net assets; the Company's sensitivity to the JPY decreased during the current year mainly due to a decrease in JPY denominated net assets.

b) Interest rate risk

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

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 127,964	$ 136,591
Cash flow interest rate risk		
Financial assets	386,331	224,970
Financial liabilities	565,714	387,181

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% 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 $1,794 thousand and $1,622 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its floating-rate bank deposits and floating-rate bank loans.

There has been no major change in the sensitivity to the interest rates during the current year.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments.

Sensitivity analysis

As of December 31, 2021 and 2020, the fair value of equity financial instruments were both $0. The Company assesses that the reasonably possible changes in its relevant risk variables on that date will not affect pre-tax other comprehensive income for the years ended December 31, 2021 and 2020.

2) Credit risk

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

According to the Company's policy, the Company only dealing with creditworthy counterparties, and would secure sufficient guarantee to mitigate the risk of financial loss caused by delinquent payment, if necessary. The Company rates its mainly customers based on the customers' credit data files created by it pursuant to the regulations governing customers' credit management, and other financial information accessible to the public and both parties' past trading records. The Company continues to monitor the exposure to credit risk and counterparties' credit ratings, and controls the exposure to credit risk through credit limits granted to the counterparties that have been reviewed and approved by management.

To minimize credit risk, the Company's management appoints a dedicated team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Meanwhile, the Company reviews the recoverable amount of each individual trade receivables at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Given this, the Company's management believes that the Company's credit risk should have been significantly reduced.

The Company's concentration of credit risk of 31% and 29% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Company's mainly customers A company and B company (annual service revenue amounts of other customers do not exceed 10% of the Company's total revenue).

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. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized bank loan facilities set out in (c) below.

a) Liquidity and interest risk rate table for 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. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise this right. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

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

December 31, 2021

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-interest bearing liabilities	$ 52,256	$ 9,739	$ -	$ -	$ -
Lease liabilities	2,551	5,101	22,799	87,715	15,015
Variable interest rate liabilities	5,404	10,768	67,327	440,284	61,677
	$ 60,211	$ 25,608	$ 90,126	$ 527,999	$ 76,692

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 28,393	$ 18,102	$ -	$ -	$ -
Lease liabilities	1,667	4,638	20,611	89,950	26,622
Variable interest rate liabilities	21,528	12,317	51,780	244,566	70,450
	$ 51,588	$ 35,057	$ 72,391	$ 334,516	$ 97,072

b) Liquidity table for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Foreign exchange forward contracts					
Inflows	$ 41,358	$ 98,234	$ -	$ -	$ -
Outflows	(42,324)	(100,754)	-	-	-
	$ (966)	$ (2,520)	$ -	$ -	$ -

c) Financing facilities

	December 31 2021	December 31 2020
Secured bank loan facilities:		
Amount used	$ 572,480	$ 390,862
Amount unused	548,418	830,745
	$ 1,120,898	$ 1,221,607
Unsecured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	280,000	220,000
	$ 280,000	$ 220,000

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
MSSCORPS CO., LTD. (Nanjing)	Subsidiary

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category	2021	2020
Service revenue - test and analysis service	Subsidiaries	$ 26,589	$ 13,736

The test and analysis service prices to related parties were determined based on the market price and agreed by both parties, and the collection period for related parties was 60 days after the month-end closing. The prices to third parties were determined in accordance with mutual agreements, and the collection period for third parties was advance receipt or 30 to 180 days after the month-end closing.

c. Operating costs

		For the Year Ended December 31	
Line Item	Related Party Category	2021	2020
Service costs - test and analysis service	Subsidiaries	$ 16,996	$ 10,980

The test and analysis service costs from related parties was determined based on the market and agreed by both parties. The payment period for related parties was 60 days after the month-end closing. The costs from third parties were determined in accordance with mutual agreements, and the payment period was 30 to 60 days after the month-end closing.

d. Receivables from related parties

		December 31	
Line Item	Related Party Category/Name	2021	2020
Trade receivables	Subsidiaries	$ 152	$ 2,756
Other receivables - purchasing equipment on behalf	Subsidiaries MSSCORPS CO., LTD. (Nanjing)	$ -	$ 34

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

The unrealized gain of the Company for the purchase of equipment on behalf for MSSCORPS CO., LTD. (Nanjing) was $1,525 thousand at the end of 2019, and recognized realized gain on purchase of equipment on behalf was $1,525 thousand for the year ended December 31, 2020. In addition, the Company occurred and recognized gain on the purchase of equipment on behalf for MSSCORPS CO., LTD. (Nanjing) was $235 thousand for the year ended December 31, 2021.

e. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2021	Proceeds For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2021	Gain (Loss) on Disposal For the Year Ended December 31 2020
Subsidiaries				
MSSCORPS CO., LTD. (Nanjing)	$ 21,980	$ -	$ 244	$ -
Add: Realized gain on disposal of property, plant and equipment			452	320
Loss: Unrealized gain on disposal of property, plant and equipment			(232)	-
			$ 464	$ 320

f. Remuneration of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 36,700	$ 34,490
Other long-term employee benefits	5,156	4,222
Post-employment benefits	540	539
	$ 42,396	$ 39,251

The remuneration of directors and key executives was determined by the remuneration committee, is based on the performance of individuals and market trends for the year ended December 31, 2021; the remuneration of directors and key executives was determined by the Company, is based on the performance of individuals and market trends for the year ended December 31, 2020.

Note: In the board of directors meeting on July 9, 2021, the Company's board of directors approved determined to establish the remuneration committee.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31 2021	December 31 2020
Machinery and equipment, net	$ 831,764	$ 396,153

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Company at December 31, 2021 and 2020 were as follows:

a. Significant unrecognized commitments

1) Unused letters of credit were as follows:

(In Thousands of Foreign Currency)

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment		
USD	$ 407	$ 1,249
JPY	$ -	$ 151,000

2) Unrecognized commitments were as follows:

(In Thousands of Foreign Currency)

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment		
EUR	$ -	$ 28
USD	$ 10,543	$ 1,086
JPY	$ 48,445	$ -
NTD	$ 4,885	$ 12,324

b. Contingencies

Significant litigations

The Company and the person responsible for the Company, Liu Chi Lun, were brought in criminal proceedings against the Company in November 2019 by Materials Analysis Technology Inc. in violation of its business secrets. The case was not prosecuted by October 14, 2020 through the Hsinchu District Prosecutor Office at No. 830 and No. 7035 of the 2020 annual detailmarks. The Company was informed by January 5, 2021 that Materials Analysis Technology Inc. applied for reconsideration of the ruling and was sent back by the Taiwan High Prosecutor Office for further investigation. The case was not prosecuted by June 10, 2021 through the Hsinchu District Prosecutor Office at No. 10. On July 1, 2021, it was informed that Materials Analysis Technology Inc. had applied for reconsideration of the ruling and was dismissed by July 22, 2021 by the Taiwan High Prosecutor Office with resolution No. 300 of the 2021 proposal. The following is a case in which Materials Analysis Technology Inc. Settled for Trial with the Hsinchu District Court on August 5, 2021 for adjudication and was rejected by the Hsinchu District Court on December 21, 2021. The above case was also filed on January 8, 2021 by Materials Analysis Technology Inc. in civil proceedings against Liu Chi Lun, the Company and the Company's responsible person, for damages due to violation of its business secrets and for damages of $20,000 thousand. The case was dismissed by February 15, 2022 by the Intellectual Property and Commercial Court in the 2021 private Court of Appeal No. 1, but was appealed by the Materials Analysis Technology Inc. on March 11, 2022, Inc., in respect of the case. The final outcome of this case will not have a material impact on the Company's operations, depending on the outcome of future litigation.

31. 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 and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 1,670	27.680 (USD:NTD)	$ 46,229
JPY	16,523	0.241 (JPY:NTD)	$ 3,974
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	17,525	27.680 (USD:NTD)	$ 485,099
Financial liabilities			
Monetary items			
USD	471	27.680 (USD:NTD)	$ 13,039
JPY	1,361	0.241 (JPY:NTD)	$ 327

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 1,587	28.480 (USD:NTD)	$ 45,205
JPY	49,891	0.276 (JPY:NTD)	$ 13,785
Non-monetary items			
Investments in subsidiaries accounted for using the equity method			
USD	12,912	28.480 (USD:NTD)	$ 367,742
Financial liabilities			
Monetary items			
USD	4,640	Note	$ 3,438
JPY	32,160	Note	$ 48

Note: The fair value of foreign exchange forward contracts is calculated by the discounted cash flow method.

For the years ended December 31, 2021 and 2020, net foreign exchange gains were $4,151 thousand and $233 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the Company.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

   1) Financing provided to others. (None)

   2) Endorsements/guarantees provided. (None)

   3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)

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

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

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

   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

   9) Trading in derivative instruments. (Notes 7 and 27)

b. Information on investees (Table 2)

c. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 3)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 4):

      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 ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

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

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

TABLE 1

MSSCORPS CO., LTD.

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (In Thousands of Shares)	Carrying Amount (Note 1)	Percentage of Ownership (%)	Fair Value	
The Company	Stock HITEKCORPS CO., LTD.	Related party in substance	Financial assets at FVTOCI - non-current	375	$ -	5.31	$ -	Note 2

Note 1: The balance of the carrying amount at fair value upon adjustment.

Note 2: The impairment loss of the shares of HITEKCORPS CO., LTD. held by the Company has been fully recognized.

MSSCORPS CO., LTD.

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 2)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares (In Thousands of Shares)	%	Carrying Amount			
The Company	TRISTATE INTERNATIONAL CO., LTD.	Mauritius	Investment holding	$ 471,331 (US$ 15,415)	$ 415,601 (US$ 13,415)	15,415	100	$ 481,133	$ 64,826	$ 64,826	Notes 1
TRISTATE INTERNATIONAL CO., LTD.	GOOD ACTION INT'L CORP.	Mauritius	Investment holding	470,846 (US$ 15,400)	415,116 (US$ 13,400)	15,400	100	484,677	64,826	64,826	Notes 1

Note 1: The share of profit (loss) was recognized according to the investees' financial statements audited by the parent company's CPA in the ROC for the same year.

Note 2: The amounts were translated into foreign currencies using the exchange rate on each actual transaction date.

Note 3: Refer to Table 3 for information on investments in mainland China.

MSSCORPS CO., LTD.

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

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 b.(2))	Carrying Amount as of December 31, 2021 (Note 2 b.(2))	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
MSSCORPS CO., LTD. (Shanghai)	Test and analysis of electronic materials	RMB 7,609 (US$ 1,050)	b	$ 34,039	$ -	$ -	$ 34,039	$ (78)	100	$ (78)	$ 17,203	$ -
MSSCORPS CO., LTD. (Nanjing)	Test and analysis of electronic materials	RMB 98,501 (US$ 14,350)	b	381,077	55,730	-	436,807	64,904	100	64,904	467,463	-

2. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
$470,846 (Note 3)	$498,526 (Note 3)	$1,127,836

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

a. Direct investments in mainland China.
b. Investment in mainland China through a company registered in a third region (GOOD ACTION INT'L CORP.)

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

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

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

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) Others.

Note 3: The amounts were translated into foreign currencies using the exchange rate on each actual transaction date, approved amounts that were not remitted were translated based on the foreign exchange rate on the balance sheet date.

TABLE 4

MSSCORPS 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)

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

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

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
MSSCORPS CO., LTD. (Nanjing)	Service revenue - test and analysis service	$ 26,589	2	Note	60 days after the month-end closing	Not significantly different	$ 152	-	$ -	-
	Service costs - test and analysis service	(16,996)	(2)	Note	60 days after the month-end closing	Not significantly different	-	-	-	-

Note: The test and analysis service prices and costs to related parties were determined based on the market and agreed by both parties.

3. The amount of property transactions and the amount of the resultant gains or losses:

Investee Company	Transaction Type	Disposal of Property, Plant and Equipment		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
MSSCORPS CO., LTD. (Nanjing)	Selling of equipment	$ 21,980	100	By contract	60 days after acceptance	Not significantly different	$ -	-	$ 232	-

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

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

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

TABLE 5

MSSCORPS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownerships (%)
China Development Advantage Venture Capital Limited Partnership	5,275,000	12.78
Shun Shun Investment Co., Ltd.	2,514,815	6.09

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

MSSCORPS CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

MSSCORPS CO., LTD.

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

Item	Description	Amount
Cash on hand		$ 145
Bank deposits		
Demand deposits		363,712
Foreign currency deposits		
USD	697 thousand @27.680	19,287
JPY	13,505 thousand @0.241	3,248
RMB	7 thousand @4.344	30
EUR	2 thousand @31.320	54
		22,619
		386,331
		$ 386,476

MSSCORPS CO., LTD.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Unrelated parties		
Customer A	Test and analysis service	$ 66,263
Customer B	Test and analysis service	52,478
Customer E	Test and analysis service	33,316
Customer C	Test and analysis service	33,925
Others (Note)	Test and analysis service	200,159
		386,141
Less: Allowance for impairment loss		(2,603)
		$ 383,538
Related parties		
MSSCORPS CO., LTD. (Nanjing)	Test and analysis service	$ 152

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

MSSCORPS CO., LTD.

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

Investees	Balance, January 1, 2021		Increase in the Current Year		Decrease in the Current Year		Gain (Losses) on Investments Accounted for Using the Equity Method	Exchange Differences on Translating Foreign Operations	Balance, December 31, 2021			Market Value or Net Asset Value (Note 1)		Collateral
	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount	Number of Shares (In Thousands of Shares)	Amount			Number of Shares (In Thousands of Shares)	%	Amount	Unit Price (NT$)	Total Amount	
TRISTATE INTERNATIONAL CO., LTD.	13,415	$ 363,556	2,000	$ 56,182	-	$ (232)	$ 64,826	$ (3,199)	15,415	100	$ 481,133	31.21	$ 481,133	None

Note 1: Amount was estimated based on the net asset value of the investee company as of December 31, 2021 as shown on the financial statements which have been audited by the auditor of the parent company for the same periods and adjusted for unrealized gain on intercompany transactions.

Note 2: The increase in the current year included participated in a cash capital increase of $55,730 thousand (US$2,000 thousand) in TRISTATE INTERNATIONAL CO., LTD. and recognized the realized gain on intercompany transactions amounting to $452 thousand for the year.

Note 3: This decrease in the current year included the unrealized gain on intercompany transactions amounting to $232 thousand.

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MSSCORPS CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Buildings	Office Equipment	Transportation Equipment	Total
Cost				
Balance, January 1, 2021	$ 168,187	$ 2,423	$ 3,264	$ 173,874
Additions	15,599	-	2,585	18,184
Disposals	(3,160)	(360)	(1,463)	(4,983)
Balance at December 31, 2021	$ 180,626	$ 2,063	$ 4,386	$ 187,075
Accumulated depreciation				
Balance, January 1, 2021	$ 37,432	$ 1,171	$ 1,758	$ 40,361
Additions	25,936	436	1,231	27,603
Disposals	(3,160)	(360)	(1,463)	(4,983)
Balance at December 31, 2021	$ 60,208	$ 1,247	$ 1,526	$ 62,981
Carrying amount at December 31, 2021	$ 120,418	$ 816	$ 2,860	$ 124,094

STATEMENT 5

MSSCORPS CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Supplier B	Payments	$ 6,963
Supplier D	Payments	6,378
Supplier F	Payments	1,811
Others (Note)	Payments	10,796
		$ 25,948

Note: The balance of each individual vendor included in others does not exceed 5% of the account balance.

MSSCORPS CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Amount
Buildings	Plants and offices	2018.2.1-2028.4.30	1.21%-1.72%	$ 124,255
Office equipment	Photocopier	2017.12.1-2025.8.31	1.66%-1.72%	834
Transportation equipment	Official car	2018.4.30-2024.11.14	1.21%-1.72%	2,875
				127,964
Less: Lease liabilities due within one year				(28,627)
				$ 99,337

MSSCORPS CO., LTD.

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

Item	Amount
Depreciation expense	$ 365,235
Salary expense (Note 1)	302,317
Consumables	93,828
Others (Note 2)	122,493
	$ 883,873

Note 1: Including salary expense and pension expense.

Note 2: The amount of each individual item included in others does not exceed 5% of the amount.

MSSCORPS CO., LTD.

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

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Salary expense (Note 1)	$ 18,380	$ 110,119	$ 36,452
Insurance expense	1,376	10,909	1,492
Testing and inspection fees	22	-	4,191
Depreciation expense	1,833	7,726	2,676
Consumables	2	630	2,620
Others (Note 2)	5,888	28,893	4,284
	$ 27,501	$ 158,277	$ 51,715

Note 1: Including salary expense, remuneration of directors and pension expense.

Note 2: The amount of each individual item included in others does not exceed 5% of the amount.

MSSCORPS 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)

	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expenses						
Salary expense	$ 292,198	$ 151,766	$ 443,964	$ 233,324	$ 127,453	$ 360,777
Remuneration of directors	-	8,897	8,897	-	4,695	4,695
Labor and health insurance	18,743	11,144	29,887	15,395	8,917	24,312
Pension	10,119	4,288	14,407	8,839	3,877	12,716
Others	34,543	7,034	41,577	27,116	5,904	33,020
	$ 355,603	$ 183,129	$ 538,732	$ 284,674	$ 150,846	$ 435,520
Depreciation	$ 365,235	$ 12,235	$ 377,470	$ 299,675	$ 8,251	$ 307,926
Amortization	$ 1,295	$ 1,023	$ 2,318	$ 77	$ 553	$ 630

Note:

1. For the years ended December 31, 2021 and 2020, the average number of the Company’s employees was 345 and 311, respectively, and the number of directors who were not employees was 4 and 2, respectively. The calculation basis is consistent with the employee benefit expense.

2. a. For the year ended December 31, 2021, the Company’s average employee benefits were $1,554 thousand. (The total amount of employee benefits of current year - the total amount of remuneration of directors ÷ the number of employees of the current year - the number of directors who were not employees)

   For the year ended December 31, 2020, the Company’s average employee benefits were $1,394 thousand. (The total amount of employee benefits of the prior year - the total amount of remuneration of directors ÷ the number of employees of the prior year - the number of directors who were not employees)

   b. For the year ended December 31, 2021, the Company’s average salary expense was $1,302 thousand. (The total amount of salary expenses of prior year ÷ The numbers of employees of current year - The numbers of directors who were not employees)

   For the year ended December 31, 2020, the Company’s average salary expense was $1,168 thousand. (The total amount of salary expenses of the prior year ÷ the number of employees of the prior year - the number of directors who were not employees)

   c. The percentage change in the average salary expenses was +11.47 %. (The total amount of average salary expenses of the current year - the total amount of average salary expenses of the prior year ÷ the total amount of average salary expenses of the prior year)

   d. The remuneration of supervisors for the year ended December 31, 2021 was $1,465 thousand, and the remuneration of supervisors for the year ended December 31, 2020 was $1,873 thousand.

   e. The Company’s policies on the remuneration and salary of directors and supervisors were as follows:

   - The remuneration of directors and supervisors of the Company shall not be higher than 5% according to the provisions of the Company’s Articles. Remuneration of directors for business execution shall be determined in accordance with the “Regulations on the Payment of Directors and Managers’ Remuneration”, based on their participation in the Company’s operations and the value of their contributions, and with reference to industry standards.

   f. The Company’s policies on the compensation of managers and employees were as follows:

   - The Company’s compensation policies for managers and employees mainly include salaries, additional allowances, severance pay, various bonuses, and employees’ compensation. Salary is determined with reference to Taiwan’s human resources market, other companies in the same industry, and the Company’s salary and welfare policies; employees’ compensation should not be less than 10% in accordance with the Company’s Articles; year-end bonuses are issued according to the Company’s operational performance and individual employee performance.