

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Aethertek Technology Co., Ltd.
(Formerly Service & Quality Group Co., Ltd.)

Introduction

We have reviewed the accompanying consolidated balance sheets of Aethertek Technology Co., Ltd. (formerly Service & Quality Group Co., Ltd., the "Company") and subsidiaries (collectively referred to as the "Group") as of September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2021

Notice to Readers

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

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

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

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 637,679	24	\$ 589,326	67	\$ 119,609	30
Financial assets at fair value through profit or loss (Note 7)	42,942	2	-	-	-	-
Notes receivable	268	-	-	-	-	-
Trade receivables (Notes 8 and 21)	995,424	37	5,702	1	5,820	2
Other receivables (Note 8)	4,985	-	31	-	93	-
Current tax assets	-	-	32	-	20	-
Inventories (Note 9)	349,938	13	-	-	-	-
Prepayments	11,112	-	1,029	-	4,313	1
Other financial assets (Note 17)	-	-	267,852	31	267,852	67
Other current assets	263	-	-	-	-	-
Total current assets	<u>2,042,611</u>	<u>76</u>	<u>863,972</u>	<u>99</u>	<u>397,707</u>	<u>100</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 12)	170,376	6	862	-	935	-
Right-of-use assets (Note 13)	26,184	1	2,555	-	116	-
Investment property (Note 14)	64,854	2	-	-	-	-
Goodwill (Note 15)	184,952	7	-	-	-	-
Other intangible assets (Note 16)	154,194	6	3,719	1	22	-
Deferred tax assets	9,216	-	-	-	-	-
Prepayments for equipment	16,254	1	-	-	-	-
Refundable assets	11,316	1	306	-	306	-
Total non-current assets	<u>637,346</u>	<u>24</u>	<u>7,442</u>	<u>1</u>	<u>1,379</u>	<u>-</u>
TOTAL	<u>\$ 2,679,957</u>	<u>100</u>	<u>\$ 871,414</u>	<u>100</u>	<u>\$ 399,086</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 21)	\$ 2,123	-	\$ -	-	\$ 468	-
Trade payables	148,316	5	-	-	-	-
Dividends payable (Note 18)	793,954	30	-	-	-	-
Other payables (Note 18)	183,925	7	8,031	1	3,124	1
Current tax liabilities	41,415	2	-	-	-	-
Lease liabilities - current (Note 13)	19,754	1	1,262	-	-	-
Other current liabilities	202	-	250	-	-	-
Total current liabilities	<u>1,189,689</u>	<u>45</u>	<u>9,543</u>	<u>1</u>	<u>3,592</u>	<u>1</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	1,232	-	-	-	-	-
Lease liabilities - non-current (Note 13)	4,747	-	1,179	-	-	-
Total non-current liabilities	<u>5,979</u>	<u>-</u>	<u>1,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,195,668</u>	<u>45</u>	<u>10,722</u>	<u>1</u>	<u>3,592</u>	<u>1</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	702,840	26	702,840	81	349,840	88
Capital surplus	157,852	6	211,844	24	96,766	24
Retained earnings (accumulated deficit)	421,860	16	(53,992)	(6)	(51,112)	(13)
Other equity	(9,656)	(1)	-	-	-	-
Equity attributable to owners of the Company	<u>1,272,896</u>	<u>47</u>	<u>860,692</u>	<u>99</u>	<u>395,494</u>	<u>99</u>
NON-CONTROLLING INTERESTS (Note 20)	<u>211,393</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,484,289</u>	<u>55</u>	<u>860,692</u>	<u>99</u>	<u>395,494</u>	<u>99</u>
TOTAL	<u>\$ 2,679,957</u>	<u>100</u>	<u>\$ 871,414</u>	<u>100</u>	<u>\$ 399,086</u>	<u>100</u>

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 1,036,802	100	\$ 27,108	100	\$ 1,715,364	100	\$ 70,138	100
OPERATING COSTS (Notes 9 and 22)	<u>(456,335)</u>	<u>(44)</u>	<u>(3,903)</u>	<u>(15)</u>	<u>(723,301)</u>	<u>(42)</u>	<u>(5,979)</u>	<u>(8)</u>
GROSS PROFIT	<u>580,467</u>	<u>56</u>	<u>23,205</u>	<u>85</u>	<u>992,063</u>	<u>58</u>	<u>64,159</u>	<u>92</u>
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	(69,373)	(7)	(363)	(1)	(149,080)	(9)	(676)	(1)
General and administrative expenses	(53,365)	(5)	(4,541)	(17)	(120,742)	(7)	(13,842)	(20)
Research and development expenses	(129,203)	(13)	-	-	(266,802)	(15)	-	-
Expected credit loss (Note 8)	<u>(3,864)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,174)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(255,805)</u>	<u>(25)</u>	<u>(4,904)</u>	<u>(18)</u>	<u>(563,798)</u>	<u>(33)</u>	<u>(14,518)</u>	<u>(21)</u>
PROFIT FROM OPERATIONS	<u>324,662</u>	<u>31</u>	<u>18,301</u>	<u>67</u>	<u>428,265</u>	<u>25</u>	<u>49,641</u>	<u>71</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Interest income	177	-	122	1	497	-	236	-
Other income	1,266	-	-	-	40,653	3	22	-
Other gains and losses	757	-	(1,528)	(6)	(12,098)	(1)	175	-
Finance costs	<u>(165)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(346)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,035</u>	<u>-</u>	<u>(1,408)</u>	<u>(5)</u>	<u>28,706</u>	<u>2</u>	<u>420</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	326,697	31	16,893	62	456,971	27	50,061	71
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(40,849)</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>(44,767)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>
NET PROFIT FROM CONTINUING OPERATIONS	285,848	27	16,893	62	412,204	24	50,061	71
NET LOSS FROM DISCONTINUED OPERATIONS (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,861)</u>	<u>(32)</u>
NET PROFIT FOR THE PERIOD	<u>285,848</u>	<u>27</u>	<u>16,893</u>	<u>62</u>	<u>412,204</u>	<u>24</u>	<u>27,200</u>	<u>39</u>

(Continued)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ (2,444)	-	\$ -	-	\$ (14,450)	(1)	\$ 2,460	4
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	<u>323</u>	-	<u>-</u>	-	<u>2,413</u>	-	<u>(460)</u>	(1)
Other comprehensive income (loss) for the period, net of income tax	<u>(2,121)</u>	-	<u>-</u>	-	<u>(12,037)</u>	(1)	<u>2,000</u>	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 283,727</u>	<u>27</u>	<u>\$ 16,893</u>	<u>62</u>	<u>\$ 400,167</u>	<u>23</u>	<u>\$ 29,200</u>	<u>42</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 283,067	28	\$ 16,893	62	\$ 421,860	25	\$ 28,028	40
Non-controlling interests	<u>2,781</u>	-	<u>-</u>	-	<u>(9,656)</u>	(1)	<u>(828)</u>	(1)
	<u>\$ 285,848</u>	<u>28</u>	<u>\$ 16,893</u>	<u>62</u>	<u>\$ 412,204</u>	<u>24</u>	<u>\$ 27,200</u>	<u>39</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 281,770	27	\$ 16,893	62	\$ 412,204	24	\$ 29,980	43
Non-controlling interests	<u>1,957</u>	-	<u>-</u>	-	<u>(12,037)</u>	(1)	<u>(780)</u>	(1)
	<u>\$ 283,727</u>	<u>27</u>	<u>\$ 16,893</u>	<u>62</u>	<u>\$ 400,167</u>	<u>23</u>	<u>\$ 29,200</u>	<u>42</u>
EARNINGS PER SHARE (Note 24)								
From continuing and discontinued operations								
Basic	<u>\$ 4.03</u>		<u>\$ 0.48</u>		<u>\$ 6.00</u>		<u>\$ 0.99</u>	
Diluted	<u>\$ 4.03</u>		<u>\$ 0.48</u>		<u>\$ 6.00</u>		<u>\$ 0.99</u>	
From continuing operations								
Basic	<u>\$ 4.03</u>		<u>\$ 0.48</u>		<u>\$ 6.00</u>		<u>\$ 1.77</u>	
Diluted	<u>\$ 4.03</u>		<u>\$ 0.48</u>		<u>\$ 6.00</u>		<u>\$ 1.77</u>	

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

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent							
	Capital Stock - Common Stock		Capital Surplus	Unappropriated Earnings	Others	Total	Non-controlling Interests	Total Equity
Shares (In Thousands)	Amount	Exchange Differences on Translation of the Financial Statements of Foreign Operations						
BALANCE, JANUARY 1, 2020	14,784	\$ 147,840	\$ -	\$ (79,140)	\$ (1,952)	\$ 66,748	\$ (3,263)	\$ 63,485
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	28,028	-	28,028	(828)	27,200
Other comprehensive income for the nine months ended September 30, 2020, net of income tax (Note 20)	-	-	-	-	1,952	1,952	48	2,000
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	28,028	1,952	29,980	(780)	29,200
Issuance of ordinary shares for cash (Note 20)	20,200	202,000	65,852	-	-	267,852	-	267,852
Disposal of subsidiaries (Note 25)	-	-	30,914	-	-	30,914	-	30,914
Decrease in non-controlling interest (Notes 20 and 27)	-	-	-	-	-	-	4,043	4,043
BALANCE, SEPTEMBER 30, 2020	34,984	\$ 349,840	\$ 96,766	\$ (51,112)	\$ -	\$ 395,494	\$ -	\$ 395,494
BALANCE, JANUARY 1, 2021	70,284	\$ 702,840	\$ 211,844	\$ (53,992)	\$ -	\$ 860,692	\$ -	\$ 860,692
Capital surplus used to cover accumulated deficit	-	-	(53,992)	53,992	-	-	-	-
Net profit for the nine months ended September 30, 2021	-	-	-	421,860	-	421,860	(9,656)	412,204
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax (Note 20)	-	-	-	-	(9,656)	(9,656)	(2,381)	(12,037)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	421,860	(9,656)	412,204	(12,037)	400,167
Increase in non-controlling interests (Notes 20 and 27)	-	-	-	-	-	-	223,430	223,430
BALANCE, SEPTEMBER 30, 2021	70,284	\$ 702,840	\$ 157,852	\$ 421,860	\$ (9,656)	\$ 1,272,896	\$ 211,393	\$ 1,484,289

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

AETHERTEK TECHNOLOGY CO., LTD.
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AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended	
	September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 456,971	\$ 50,061
Discontinued operations income	-	(22,861)
Adjustments for:		
Depreciation expense	53,189	3,510
Amortization expense	23,050	2,123
Expected credit loss recognized on trade receivables	27,174	10,352
Finance costs	346	331
Interest income	(497)	(431)
Loss on disposal of property, plant and equipment, net	23	286
Loss on disposal of investment, net	7,305	-
Write-down of inventories	12,948	-
Net foreign exchange loss	-	923
Gain on offset between rights and debts (Note 30)	-	(2,296)
Net changes in operating assets and liabilities		
Notes receivable	1,654	-
Trade receivables	(535,060)	(5,623)
Other receivables	19,714	11,116
Inventories	(55,003)	6,497
Prepayments	3,327	(3,145)
Other current assets	1,245	-
Contract liabilities	(103)	468
Trade payables	(87,955)	(50)
Other payables	(125,943)	(3,013)
Other current liabilities	(48)	(214)
Cash (used in) generated from operations	(197,663)	48,034
Interest received	497	403
Interest paid	(346)	(331)
Income tax paid	(2,293)	(20)
Net cash (used in) generated from operating activities	<u>(199,805)</u>	<u>48,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash inflow on acquisition of subsidiaries	(3,622)	-
Net cash inflow on disposal of subsidiaries	-	67,888
Proceeds from disposal of disposal groups held for sale	33,859	-
Payment for property, plant and equipment	(6,047)	(225)
Increase in refundable deposits	(11,010)	(2,943)
Payments for intangible assets	(1,497)	(14,587)
Decrease in lease receivable	-	6,611
		(Continued)

AETHERTEK TECHNOLOGY CO., LTD.
(Formerly Service & Quality Group Co., Ltd.)
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended	
	September 30	
	2021	2020
Increase in other financial assets	\$ -	\$ (267,852)
Decrease in other financial assets	267,852	-
Increase in prepayments for equipment	<u>(16,254)</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>263,281</u>	<u>(211,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	-	(254)
Refund of guarantee deposits received	-	(13,287)
Repayment of the principal portion of lease liabilities	(6,247)	(8,727)
Proceeds from issuance of ordinary shares	<u>-</u>	<u>267,852</u>
Net cash (used in) generated from financing activities	<u>(6,247)</u>	<u>245,584</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	<u>(8,876)</u>	<u>(1,291)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,353	81,271
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>589,326</u>	<u>38,338</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 637,679</u>	<u>\$ 119,609</u>

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

(Concluded)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 10, 2021.

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

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

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

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

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

Note 1: The amendments to IFRS 9 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>New Release/Amendment/Revision Criteria and Interpretation</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or investment of assets between investors and their affiliates or joint ventures”	Undecided
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendment to IAS 12 “Deferred income tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 4)

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

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

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

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

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

The amendments specify that the Group 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 Group 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 Group 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 Group 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 Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group 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.

3) 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 Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

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

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

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

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

See Note 10, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2020.

1) Business combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

On derecognition of the investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period in which the property is derecognized.

4) Goodwill

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

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. In addition, the same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 182	\$ 545	\$ 97
Checking accounts and demand deposits	<u>637,497</u>	<u>588,781</u>	<u>119,512</u>
	<u>\$ 637,679</u>	<u>\$ 589,326</u>	<u>\$ 119,609</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Financial assets mandatorily classified as at FVTPL			
Non-principal investment products	\$ 42,942	\$ -	\$ -

Non-principal investment products mainly refer to the investment products purchased from banks in mainland China. The total subscription amount was RMB10,000 thousand as of September 30, 2021.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,034,306	\$ 5,702	\$ 5,820
Less: Allowance for impairment loss	<u>(38,882)</u>	<u>-</u>	<u>-</u>
	<u>\$ 995,424</u>	<u>\$ 5,702</u>	<u>\$ 5,820</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 195	\$ -	\$ -
Interest receivables	-	29	-
Others	4,790	2	93
Less: Allowance for loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,985</u>	<u>\$ 31</u>	<u>\$ 93</u>

a. Trade receivables

The Group's average credit period of sales of goods is 30 to 90 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

September 30, 2021

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 529,595	\$ 334,784	\$ 130,781	\$ 35,947	\$ 3,199	\$ 1,034,306
Loss allowance (Lifetime ECL)	<u>(6,877)</u>	<u>(9,813)</u>	<u>(9,923)</u>	<u>(9,070)</u>	<u>(3,199)</u>	<u>(38,882)</u>
Amortized cost	<u>\$ 522,718</u>	<u>\$ 324,971</u>	<u>\$ 120,858</u>	<u>\$ 26,877</u>	<u>\$ -</u>	<u>\$ 995,424</u>

December 31, 2020

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

September 30, 2020

	Not Past Due	Less than 60 Days	61 to 180 Days	181 to 360 Days	Over 361 Days	Total
Gross carrying amount	\$ 5,820	\$ -	\$ -	\$ -	\$ -	\$ 5,820
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 5,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,820</u>

The expected credit loss rate of the Group is less than 4% for non-due and less than 60 days overdue; less than 10% for 61 to 180 days overdue; 24% to 100% for more than 181 days overdue.

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

	For the Nine Months Ended September 30	
	2021	2020
Beginning of the period	\$ -	\$ 24,482
Add: Acquisitions through business combinations	12,298	-
Add: Net remeasurement of loss allowance	27,174	8,960
Less: Amounts written off	(439)	-
Less: Disposal of subsidiaries	-	(33,442)
Foreign exchange gains and losses	<u>(151)</u>	<u>-</u>
End of the period	<u>\$ 38,882</u>	<u>\$ -</u>

b. Other receivables

The Group has adopted a policy to conduct transactions with counterparties of good credits. Credit rating information of counterparties is based on historical transaction records. The Group continuously monitors the credit risk and the credit rating of the counterparties.

The Group considers the current financial situation of the debtor to assess whether the credit risk of other receivables has increased significantly since the initial recognition and to measure expected credit losses.

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

	For the Nine Months Ended September 30, 2020
Beginning of the period	\$ 8,735
Add: Net remeasurement of loss allowance	1,392
Less: Disposal of subsidiaries	<u>(10,127)</u>
End of the period	<u>\$ -</u>

For the nine months ended September 30, 2021, no impairment loss was recognized on the other receivables.

9. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 200,128	\$ -	\$ -
Semi-finished products	38,131	-	-
Work in progress	7,921	-	-
Finished goods	<u>103,758</u>	<u>-</u>	<u>-</u>
	<u>\$ 349,938</u>	<u>\$ -</u>	<u>\$ -</u>

The costs of inventories recognized as costs of goods sold for the three months ended and nine months ended September 30, 2021 and 2020 were \$456,335 thousand, \$0, \$716,773 thousand and \$0, respectively. For the three months ended and nine months ended September 30, 2021, and 2020, The cost of goods sold included inventory write-downs of \$7,222 thousand, \$0, \$12,948 thousand and \$0, respectively.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			September 30, 2021	December 31, 2020	September 30, 2020	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	-	-	(1)
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	-	-	(2)
Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment	51	-	-	(3)

Note 1: The Company established Aethertek Holding Ltd. in Hong Kong with a registered capital of US\$8,035 thousand. The registration was completed on March 15, 2021 and was renamed Trantest Enterprise Ltd. on August 4, 2021.

Note 2: The Company's board of directors resolved in January 2021 to acquire and had acquired 100% of the shares of Trantest Enterprise Ltd. on April 9, 2021. The transaction amount was NT\$388,050 thousand.

Note 3: The Company's board of directors resolved in January 2021, to acquire and had acquired 51% ownership of Trantest Precision Ltd. through its subsidiary Trantest Enterprise Ltd. on April 9, 2021. The transaction amount was NT\$228,419 thousand.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interest		
		September 30, 2021	December 31, 2020	September 30, 2020
Trantest Precision (China) Ltd.	Shenzhen, China	49%	-	-

See Table 6 for the information on the place of incorporation and principal place of business.

Summarized financial information in respect of each of the Group's subsidiary that have material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Trantest Precision (China) Ltd.

	September 30, 2021
Current assets	\$ 898,338
Non-current assets	278,018
Current liabilities	(726,580)
Non-current liabilities	<u>(1,987)</u>
Equity	<u>\$ 447,789</u>
Equity attributable to:	
Owners of the Company	\$ 228,372
Non-controlling interests	<u>219,417</u>
	<u>\$ 447,789</u>
	For the Nine Months Ended September 30, 2021
Revenue	<u>\$ 1,120,166</u>
Loss for the period	\$ (3,333)
Other comprehensive loss for the period	<u>(4,859)</u>
Total comprehensive loss for the period	<u>\$ (8,192)</u>

(Continued)

**For the Nine
Months Ended
September 30,
2021**

Net loss attributable to:	
Owners of the Company	\$ (1,700)
Non-controlling interests	<u>(1,633)</u>
	<u>\$ (3,333)</u>
Total comprehensive loss attributable to:	
Owners of the Company	\$ (4,178)
Non-controlling interests	<u>(4,014)</u>
	<u>\$ (8,192)</u>
	(Concluded)

11. DISCONTINUED OPERATIONS

As mentioned in Note 25, the Group disposed of Service & Quality Technology (Hong Kong) Co., Ltd. on March 31, 2020. As the subsidiary meets the definition of a discontinued operation, it is expressed as a discontinued operations.

The details of profit (loss) from discontinued operations and the related cash flows information were as follows:

	January 1, 2020 to Disposal Date
Operating revenue	\$ 6,477
Operating costs	<u>(6,646)</u>
Gross profit	(169)
Expected credit loss	(10,352)
Operating expenses	<u>(14,622)</u>
Loss from operations	(25,143)
Non-operating income and expenses	<u>2,282</u>
Loss before tax	(22,861)
Income tax expense	<u>-</u>
Loss from discontinued operations	<u>\$ (22,861)</u>
Loss from discontinued operations attributed to:	
Owners of the Company	\$ (22,033)
Non-controlling interest	<u>(828)</u>
	<u>\$ (22,861)</u>
Cash flows:	
Operating activities	\$ 3,823
Investing activities	(17,430)
Financing activities	<u>(8,311)</u>
Net cash and cash equivalents outflows	<u>\$ (21,918)</u>

The carrying amounts of the assets and liabilities of Service & Quality Technology (Hong Kong) Co., Ltd. at the date of disposal are disclosed in Note 25.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ -	\$ -	\$ 620	\$ 852	\$ -	\$ 1,472
Acquisitions through business combinations (Note 27)	36,231	319,173	-	32,156	6,700	394,260
Additions	-	4,179	-	1,868	-	6,047
Disposals	-	(121)	-	(485)	-	(606)
Effects of foreign currency exchange differences	(389)	(3,454)	-	(349)	(72)	(4,264)
Balance at September 30, 2021	\$ 35,842	\$ 319,777	\$ 620	\$ 34,042	\$ 6,628	\$ 396,909
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ -	\$ 254	\$ 356	\$ -	\$ 610
Acquisitions through business combinations (Note 27)	6,097	157,376	-	18,804	2,689	184,966
Depreciation expense	942	37,575	78	4,257	1,112	43,964
Disposals	-	(109)	-	(474)	-	(583)
Effects of foreign currency exchange differences	(76)	(2,068)	-	(240)	(40)	(2,424)
Balance at September 30, 2021	\$ 6,963	\$ 192,774	\$ 332	\$ 22,703	\$ 3,761	\$ 226,533
Carrying amount at December 31, 2020 and January 1, 2021	\$ -	\$ -	\$ 366	\$ 496	\$ -	\$ 862
Carrying amount at September 30, 2021	\$ 28,879	\$ 127,003	\$ 288	\$ 11,339	\$ 2,867	\$ 170,376
<u>Cost</u>						
Balance at January 1, 2020	\$ -	\$ -	\$ 1,043	\$ 6,877	\$ 6,020	\$ 13,940
Additions	-	-	-	390	-	390
Disposals	-	-	(424)	(104)	-	(528)
Disposal of subsidiaries	-	-	-	(6,240)	(5,951)	(12,191)
Effects of foreign currency exchange differences	-	-	2	(72)	(69)	(139)
Balance at September 30, 2020	\$ -	\$ -	\$ 621	\$ 851	\$ -	\$ 1,472
<u>Accumulated depreciation</u>						
Balance at January 1, 2020	\$ -	\$ -	\$ 326	\$ 4,523	\$ 5,733	\$ 10,582
Depreciation expense	-	-	78	643	-	721
Disposals	-	-	(176)	(66)	-	(242)
Disposal of subsidiaries	-	-	-	(4,737)	(5,667)	(10,404)
Effects of foreign currency exchange differences	-	-	1	(55)	(66)	(120)
Balance at September 30, 2020	\$ -	\$ -	\$ 229	\$ 308	\$ -	\$ 537
Carrying amount at September 30, 2020	\$ -	\$ -	\$ 392	\$ 543	\$ -	\$ 935

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

Buildings	20 years
Equipment	2.5 to 10 years
Leasehold improvements	3 to 5 years
Office equipment	3 to 5 years
Transportation equipment	3 to 5 years

As of September 30, 2021, the property, plant and equipment were not pledged as collateral.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amount</u>			
Buildings	\$ 23,693	\$ 2,555	\$ 116
Lands	<u>2,491</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,184</u>	<u>\$ 2,555</u>	<u>\$ 116</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Beginning of the period	\$ 2,555	\$ 9,298
Acquisitions through business combinations (Note 27)	20,535	-
Additions to right-of-use assets	10,370	-
Depreciation charge for right-of-use assets	(7,109)	(2,789)
Disposal of subsidiaries	-	(6,321)
Effects of foreign currency exchange differences	<u>(167)</u>	<u>(72)</u>
	<u>\$ 26,184</u>	<u>\$ 116</u>

b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Carrying amount</u>			
Current	\$ 19,754	\$ 1,262	\$ -
Non-current	<u>4,747</u>	<u>1,179</u>	<u>-</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Buildings	2.60%-3.85%	2.60%	3.00%

c. Material lease-in activities and terms

The Group leases certain land and building for the use of office, plant and dormitories with lease terms of 2 to 50 year. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	\$ 9,004	\$ 137	\$ 17,132	\$ 313
Expenses relating to low-value asset leases	\$ 5	\$ 5	\$ 15	\$ 15
Total cash outflow for leases			\$ (24,086)	\$ (9,313)

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

14. INVESTMENT PROPERTIES

	For the Nine Months Ended September 30, 2021
<u>Cost</u>	
Beginning of the period	\$ -
Acquisitions through business combinations (Note 27)	81,199
Effects of foreign currency exchange differences	(870)
End of the period	\$ 80,329
<u>Accumulated depreciation</u>	
Beginning of the period	\$ -
Acquisitions through business combinations (Note 27)	13,525
Depreciation expense	2,116
Effects of foreign currency exchange differences	(166)
End of the period	\$ 15,475
Carrying amount, net, September 30, 2021	\$ 64,854

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets and building	20 to 50 years
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The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and a discounted cash flow analysis. The fair value obtained from the evaluation is as follows:

	September 30, 2021
Fair value	<u>\$ 66,948</u>

The above fair value measurement has taken into consideration the uncertainty on the volatility in the markets due to the evolution of the COVID-19 pandemic.

15. GOODWILL

	For the Nine Months Ended September 30	
	2021	2020
<u>Cost</u>		
Beginning of the period	\$ -	\$ -
Acquisitions through business combinations (Note 27)	189,037	-
Effects of foreign currency exchange differences	<u>(4,085)</u>	<u>-</u>
End of the period	<u>\$ 184,952</u>	<u>\$ -</u>

16. OTHER INTANGIBLE ASSETS

	Customer Relationships	Computer Software	Amount
<u>Cost</u>			
Balance, January 1, 2021	\$ -	\$ 3,942	\$ 3,942
Acquisitions through business combinations (Note 27)	160,960	28,272	189,232
Additions	-	1,497	1,497
Disposals	-	(3,727)	(3,727)
Effects of foreign currency exchange differences	<u>(3,299)</u>	<u>3,286</u>	<u>(13)</u>
Balance, September 30, 2021	<u>\$ 157,661</u>	<u>\$ 33,270</u>	<u>\$ 190,931</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2021	\$ -	\$ 223	\$ 223
Acquisitions through business combinations (Note 27)	-	13,952	13,952
Amortization expenses	12,103	10,947	23,050
Disposals	-	(3,727)	(3,727)
Effects of foreign currency exchange differences	<u>(105)</u>	<u>3,344</u>	<u>3,239</u>
Balance, September 30, 2021	<u>\$ 11,998</u>	<u>\$ 24,739</u>	<u>\$ 36,737</u>

(Continued)

	Customer Relationships	Computer Software	Amount
Carrying amount December 31, 2020 and January 1, 2021	\$ -	\$ 3,719	\$ 3,719
Carrying amount at September 30, 2021	<u>\$ 145,663</u>	<u>\$ 8,531</u>	<u>\$ 154,194</u>
<u>Cost</u>			
Balance, January 1, 2020	\$ -	\$ 8,683	\$ 8,683
Additions	-	14,587	14,587
Disposals	-	(108)	(108)
Disposal of subsidiaries (Note 25)	-	(22,754)	(22,754)
Effects of foreign currency exchange differences	<u>-</u>	<u>(275)</u>	<u>(275)</u>
Balance, September 30, 2020	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ 133</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2020	\$ -	\$ 4,643	\$ 4,643
Amortization expenses	-	2,123	2,123
Disposals	-	(108)	(108)
Disposal of subsidiaries (Note 25)	-	(6,471)	(6,471)
Effects of foreign currency exchange differences	<u>-</u>	<u>(76)</u>	<u>(76)</u>
Balance, September 30, 2020	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 111</u>
Carrying amount at September 30, 2020	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 22</u> (Concluded)

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

Customer relationships	2 to 10 years
Computer software	1 to 5 years

17. OTHER FINANCIAL ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits with original maturities of more than 3 months (Notes 1 and 2)	\$ -	\$ 267,852	\$ 267,852

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

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

The Group considers the historical default experience, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 and September 30, 2020 the ratio of allowance for impairment loss of other financial assets was 0%

Note 2: The interest rate for time deposits with original maturities of more than 3 months was approximately 0.18% as of December 31, 2020 and September 30, 2020.

18. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Payables for salaries or bonuses	\$ 160,995	\$ 4,754	\$ 2,330
Payables for compensation of employees	4,669	-	-
Payables for dividends (Note)	793,954	-	-
Payable for professional fees	-	2,519	168
Payable for purchases of equipment	-	-	165
Others	<u>18,261</u>	<u>758</u>	<u>461</u>
	<u>\$ 977,879</u>	<u>\$ 8,031</u>	<u>\$ 3,124</u>

Note: Payables for dividends were the appropriation of earnings from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. resolved in the shareholders' meeting before the acquisition date by the original shareholders.

19. RETIREMENT BENEFIT PLANS

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

The subsidiary of the Group in China is a member of state-managed retirement benefit plans operated by the government of the People's Republic of China. Based on a certain percentage of the total salary of all local employees, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group is to make the specified contributions.

20. EQUITY

a. Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 2020
Shares authorized (in thousands of shares)	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Shares authorized	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Shares issued and fully paid (in thousands of shares)	<u>70,284</u>	<u>70,284</u>	<u>34,984</u>
Shares issued and fully paid	<u>\$ 702,840</u>	<u>\$ 702,840</u>	<u>\$ 349,840</u>

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

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

b. Capital surplus

	September 30, 2021	December 31, 2020	September 30, 2020
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital*</u>			
Issuance of ordinary shares	\$ 157,852	\$ 180,930	\$ 65,852
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal	<u> -</u>	<u> 30,914</u>	<u> 30,914</u>
	<u>\$ 157,852</u>	<u>\$ 211,844</u>	<u>\$ 96,766</u>

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

c. Retained earnings and dividend policy

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

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

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

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

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

d. Other equity items

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

	For the Nine Months Ended September 30	
	2021	2020
Beginning of the period	\$ -	\$ (1,952)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(12,069)	112
Income tax that may be reclassified subsequently to profit or loss	2,413	(460)
Disposal of subsidiaries (Note 25)	<u>-</u>	<u>2,300</u>
End of the period	<u>\$ (9,656)</u>	<u>\$ -</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ -	\$ (3,263)
Share in loss for the year	(9,656)	(828)
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign entities	(2,381)	48
Acquisition of non-controlling interests in subsidiaries (Note 27)	223,430	-
Disposal of subsidiaries (Note 25)	<u>-</u>	<u>4,043</u>
Balance at September 30	<u>\$ 211,393</u>	<u>\$ -</u>

21. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from the rendering of services	\$ -	\$ 27,108	\$ 13,563	\$ 76,593
Revenue from the sale of goods	1,036,802	-	1,701,801	22
Less: Discontinued operations (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,477)</u>
	<u>\$ 1,036,802</u>	<u>\$ 27,108</u>	<u>\$ 1,715,364</u>	<u>\$ 70,138</u>
<u>Contract balances</u>				
Trade receivables (Note 8)	<u>\$ 995,424</u>	<u>\$ 5,702</u>	<u>\$ 5,820</u>	<u>\$ 25,194</u>
Contract liabilities				
Services	\$ -	\$ -	\$ 468	\$ -
Sale of goods	<u>2,123</u>	<u>-</u>	<u>-</u>	<u>15</u>
	<u>\$ 2,123</u>	<u>\$ -</u>	<u>\$ 468</u>	<u>\$ 15</u>

22. NET PROFIT

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest income				
Bank deposits	\$ 177	\$ 122	\$ 497	\$ 240
Net investments in leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>191</u>
	177	122	497	431
Less: Discontinued operations (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195)</u>
	<u>\$ 177</u>	<u>\$ 122</u>	<u>\$ 497</u>	<u>\$ 236</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Government grants	\$ 44	\$ -	\$ 34,305	\$ -
Gain on bargain purchase (Note 27)	-	-	4,131	-
Others	1,222	-	2,217	1,551
Less: Discontinued operations (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,529)</u>
	<u>\$ 1,266</u>	<u>\$ -</u>	<u>\$ 40,653</u>	<u>\$ 22</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Net foreign exchange (losses) gains	\$ (3,017)	\$ (1,528)	\$ (4,428)	\$ (937)
Loss on disposal of investment	(11)	-	(7,305)	-
Loss on disposal of property, plant and equipment	(15)	-	(23)	(286)
Others	3,800	-	(342)	2,274
Less: Discontinued operations (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(876)</u>
	<u>\$ 757</u>	<u>\$ (1,528)</u>	<u>\$ (12,098)</u>	<u>\$ 175</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 165	\$ 2	\$ 346	\$ 258
Interest on bank loans	-	-	-	73
Less: Discontinued operations (Note 11)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(318)</u>
	<u>\$ 165</u>	<u>\$ 2</u>	<u>\$ 346</u>	<u>\$ 13</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 21,106	\$ 73	\$ 43,964	\$ 721
Investment properties	1,060	-	2,116	-
Right-of-use assets	3,726	348	7,109	2,789
Intangible assets	<u>11,517</u>	<u>7</u>	<u>23,050</u>	<u>2,123</u>
	<u>\$ 37,409</u>	<u>\$ 428</u>	<u>\$ 76,239</u>	<u>\$ 5,633</u>
An analysis of depreciation by function				
Operating cost	\$ 19,235	\$ 133	\$ 39,113	\$ 335
Operating expenses	6,657	288	14,076	913
Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,262</u>
	<u>\$ 25,892</u>	<u>\$ 421</u>	<u>\$ 53,189</u>	<u>\$ 3,510</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of amortization by function				
Operating cost	\$ 78	\$ -	\$ 473	\$ -
Operating expenses	11,439	7	22,577	20
Discontinued operations	-	-	-	2,103
	<u>\$ 11,517</u>	<u>\$ 7</u>	<u>\$ 23,050</u>	<u>\$ 2,123</u>
				(Concluded)

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term benefits				
Salary	\$ 185,119	\$ 6,139	\$ 370,189	\$ 24,666
Labor and health insurance	7,731	278	14,617	777
Post-employment benefits				
Defined contribution plans	1,134	185	2,420	1,168
Other employee benefits	<u>4,014</u>	<u>111</u>	<u>8,895</u>	<u>1,482</u>
Total employee benefits expense	<u>\$ 197,998</u>	<u>\$ 6,713</u>	<u>\$ 396,121</u>	<u>\$ 28,093</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 42,867	\$ 3,120	\$ 89,943	\$ 4,898
Operating expenses	155,131	3,593	306,178	9,664
Discontinued operations	-	-	-	13,531
	<u>\$ 197,998</u>	<u>\$ 6,713</u>	<u>\$ 396,121</u>	<u>\$ 28,093</u>

g. Compensation of employees and remuneration of directors and supervisors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. Since there was accumulated deficit as of September 30, 2020, the Company did not estimate compensation of employees and the remuneration of directors. The estimated compensation of employees and the remuneration of directors for the nine months ended September 30, 2021 is as follows:

Accrual rate

	For the Nine Months Ended September 30, 2021
Compensation of employees	1%
Remuneration of directors	0%

Amount

**For the Nine
Months Ended
September 30,
2021**

Compensation of employees	\$ 4,669
Remuneration of directors	-

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

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

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

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current year	\$ 41,241	\$ -	\$ 44,886	\$ -
Adjustments for prior year	<u>238</u>	<u>-</u>	<u>955</u>	<u>-</u>
	41,479	-	45,841	-
Deferred tax				
In respect of the current year	<u>(630)</u>	<u>-</u>	<u>(1,074)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 40,849</u>	<u>\$ -</u>	<u>\$ 44,767</u>	<u>\$ -</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
<u>Deferred tax</u>				
In respect of the current year				
Exchange differences on the translation of foreign operations	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ 2,413</u>	<u>\$ (460)</u>
Income tax recognized in other comprehensive income (loss)	<u>\$ 323</u>	<u>\$ -</u>	<u>\$ 2,413</u>	<u>\$ (460)</u>

c. Income tax assessment

The income tax returns through 2019 have been assessed by the tax authorities. There is no significant difference between the assessed and the declared taxes. The companies in other jurisdictions have been examined according to their local laws.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share				
From continuing operations	\$ 4.03	\$ 0.48	\$ 6.00	\$ 1.77
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.78)</u>
Total basic earnings per share	<u>\$ 4.03</u>	<u>\$ 0.48</u>	<u>\$ 6.00</u>	<u>\$ 0.99</u>
Diluted earnings per share				
From continuing operations	\$ 4.03	\$ 0.48	\$ 6.00	\$ 1.77
From discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.78)</u>
Total diluted earnings per share	<u>\$ 4.03</u>	<u>\$ 0.48</u>	<u>\$ 6.00</u>	<u>\$ 0.99</u>

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

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Profit for the year attributable to owners of the Company	\$ 283,067	\$ 16,893	\$ 421,860	\$ 28,028
Less: Profit for the year from discontinued operations used in the computation of basic earnings per share from discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,033</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 283,067</u>	<u>\$ 16,893</u>	<u>\$ 421,860</u>	<u>\$ 50,061</u>

Ordinary Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,284	34,984	70,284	28,349
Effect of potential dilutive common stock:				
Compensation of employees	<u>42</u>	<u>-</u>	<u>42</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,326</u>	<u>34,984</u>	<u>70,326</u>	<u>28,349</u>

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

25. DISPOSAL OF SUBSIDIARIES

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

- a. Consideration received from disposals

	Service & Quality Technology (Hong Kong) Co., Ltd.
Total consideration received	<u>\$ 70,000</u>

b. Analysis of assets and liabilities on the date control was lost

**Service &
Quality
Technology
(Hong Kong)
Co., Ltd.**

Current assets

Cash and cash equivalents	\$ 2,112
Trade receivables	16,193
Lease receivables	23,202
Other receivables	1,014
Other receivables - related party	16,523
Current tax assets	66
Prepayments	722
Other current assets	4

Non-current assets

Property, plant and equipment	1,787
Right-of-use assets	6,321
Intangible assets	16,283
Other non-current assets	9,114

Current liabilities

Short-term loan	(4,420)
Contract liabilities	(15)
Trade payables	(17)
Trade payables - related party	(1,390)
Other payables	(10,906)
Other payables - related party	(12,147)
Lease liabilities	(26,983)

Non-current liabilities

Deposits received	<u>(4,720)</u>
Disposal of net assets	<u>\$ 32,743</u>

c. Gain on disposal of subsidiaries

**Service &
Quality
Technology
(Hong Kong)
Co., Ltd.**

Consideration received	\$ 70,000
Net assets disposal of	(32,743)
Exchange differences on translation of foreign operations (Note 20)	(2,300)
Non-controlling interests	<u>(4,043)</u>
Gain on disposal (booked as capital surplus)	<u>\$ 30,914</u>

The ultimate beneficiary of Columbus Investment Limited is also the ultimate beneficiary of the Company's corporate director and corporate shareholder. The share sale is considered equity transaction of entities under common control. The disposal benefits have been adjusted to the capital surplus. Please refer to Note 20.

d. Net cash inflow from the disposal of subsidiaries

	Service & Quality Technology (Hong Kong) Co., Ltd.
Cash consideration	\$ 70,000
Disposal of balance of cash and cash equivalents	<u>(2,112)</u>
	<u>\$ 67,888</u>

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the nine months ended September 30, 2020:

The Group acquired property, plant and equipment. On the year ended September 30, 2020 the payables for purchases of equipment amounted to \$165 thousand, respectively (Note 18).

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2020

	Cash Flows			Non-cash Changes			Closing Balance
	Opening Balance	Financing Activities	Operating Activities	New Leases	Interest Expense Amortization	Effect of Exchange Rate Changes	
Short-term loans	\$ 4,674	\$ (254)	\$ -	\$ (4,420)	\$ -	\$ -	\$ -
Deposits received	18,007	(13,287)	-	(4,720)	-	-	-
Lease liabilities	<u>35,822</u>	<u>(8,727)</u>	<u>(258)</u>	<u>(26,983)</u>	<u>258</u>	<u>(112)</u>	<u>-</u>
	<u>\$ 58,503</u>	<u>\$ (22,268)</u>	<u>\$ (258)</u>	<u>\$ (36,123)</u>	<u>\$ 258</u>	<u>\$ (112)</u>	<u>\$ -</u>

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Trantest Enterprise Ltd.	Sales of precision testing equipment	April 9, 2021	100	<u>\$ 388,050</u>
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment	April 9, 2021	51	<u>\$ 228,419</u>

Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. were acquired in order to continue the expansion of the operation of the automation equipment department of the Group.

b. Consideration transferred

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Cash	<u>\$ 388,050</u>	<u>\$ 228,419</u>

c. Assets acquired and liabilities assumed on the date of acquisition

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
<u>Current assets</u>		
Cash and cash equivalents	\$ 435,232	\$ 220,714
Trade receivables and other receivables	219,317	289,109
Inventories	8,841	299,042
Other current assets	-	14,918
<u>Non-current assets</u>		
Property, plant and equipment and investment properties	-	276,968
Right-of-use assets	-	20,535
Other intangible assets	144,460	30,820
Other non-current assets	-	47,264
<u>Current liabilities</u>		
Trade payables and other payables	(607,096)	(724,968)
Lease liabilities	-	(17,937)
Other current liabilities	<u>(1,741)</u>	<u>(485)</u>
	<u>\$ 199,013</u>	<u>\$ 455,980</u>

The fair value of identifiable net assets acquired from Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. is based on the temporary value on the acquisition date. At the date of issuance of these consolidated financial statements the necessary market valuations and other calculations have not been finalized.

d. Non-controlling interest

The non-controlling interests of Trantest Precision (China) Ltd. (49% ownership interest) recognized at the acquisition date were measured by reference to the fair value of the identifiable net assets attributable to non-controlling interests.

e. Goodwill recognized on acquisitions

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Consideration transferred	\$ 388,050	\$ 228,419
Plus: Non-controlling interests from the acquisition of subsidiaries (Trantest Precision (China) Ltd. 49% ownership interest)	-	223,430
Less: Fair value of identifiable net assets acquired	(199,013)	(455,980)
Plus: Gain on bargain purchase	<u>-</u>	<u>4,131</u>
Goodwill recognized on acquisitions	<u>\$ 189,037</u>	<u>\$ -</u>

The goodwill recognized in the acquisition of Trantest Enterprise Ltd. mainly represents the control premium included in the cost of the acquisition. In addition, the consideration paid for the business combination effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of Trantest Enterprise Ltd. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

As of the date of issuance of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized. The initial accounting for the acquisition of Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. was only provisionally determined at the end of the reporting period. The Group applied retroactive adjustment in the measurement period and recognized additional assets or liabilities to reflect the relevant facts and circumstances at the date of acquisition.

f. Net cash outflow on the acquisition of subsidiaries

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Consideration paid in cash	\$ 388,050	\$ 228,419
Less: Cash and cash equivalent balances acquired	<u>(435,232)</u>	<u>(177,615)</u>
	<u>\$ (47,182)</u>	<u>\$ 50,804</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates were as follows:

	Trantest Enterprise Ltd.	Trantest Precision (China) Ltd.
Revenue	<u>\$ 1,443,649</u>	<u>\$ 261,763</u>
Profit	<u>\$ 591,436</u>	<u>\$ 9,957</u>

Had Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. been acquired at the beginning of 2021, the Group's revenue would have been \$1,847,875 thousand and \$2,197,696 thousand, and the profit would have been \$434,040 thousand and \$430,292 thousand for the three months and nine months ended September 30, 2021, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2021, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group assuming Trantest Enterprise Ltd. and Trantest Precision (China) Ltd. had been acquired at the beginning of the financial year, the management considered the fair values of property, plant and equipment as the basis for depreciation rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination.

28. CAPITAL MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-principal investment products	\$ 42,942	\$ -	\$ -	\$ 42,942

- c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 42,942	\$ -	\$ -
Financial assets at amortized cost (Note 1)	1,649,672	863,217	393,680
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	960,531	3,277	794

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

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

- d. Financial risk management objectives and policies

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

- 1) Market risk

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

- a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the period are set out in Note 35.

Sensitivity analysis

The Group is mainly exposed to the RMB and USD.

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

	U.S. Dollar		Renminbi	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Pre-tax profit	\$ 11,497	\$ 3,419	\$ 119	\$ -

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

b) Interest rate risk

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash flows interest rate risk			
Financial assets	\$ 637,497	\$ 856,633	\$ 387,364

Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2021 and 2020 would have decreased/increased by \$1,195 thousand and \$726 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and other financial assets.

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

2) Credit risk

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

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

The Group's concentration of credit risk was related to the five largest customers within the Group. As of September 30, 2021, December 31, and September 30, 2020, the percentage of total trade receivables from the top five customers was 89%, 100% and 100%.

3) Liquidity risk

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

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

The following table details the Group'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 Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

September 30, 2021

	Less than 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 166,577	\$ -	\$ -
Lease liabilities	<u>19,754</u>	<u>4,747</u>	<u>-</u>
	<u>\$ 186,331</u>	<u>\$ 4,747</u>	<u>\$ -</u>

December 31, 2020

	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 3,277	\$ -	\$ -
Lease liabilities	<u>1,428</u>	<u>1,190</u>	<u>-</u>
	<u>\$ 4,705</u>	<u>\$ 1,190</u>	<u>\$ -</u>

September 30, 2020

	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ <u>794</u>	\$ <u>-</u>	\$ <u>-</u>

30. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Ericson Capital Co., Ltd., which held 53% of the ordinary shares of the Company at September 30, 2021.

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Columbus Investment Limited	Related parties (the ultimate beneficiary is the ultimate beneficiary of the Company's corporate director and corporate shareholder)
Service & Quality Technology (Hong Kong) Co., Ltd.	Related parties (subsidiaries before March 31, 2020; now as brother company)
Better Shares Limited	Related parties (investee of indirect subsidiary of the Company before March 31, 2020; now as brother company)
Service & Quality (Shenzhen) Commercial Co., Ltd.	Same as above
Shenzhen Zyeeda Information Technology Co., Ltd.	Same as above
Shanghai OhYeah Network Technology Co., Ltd.	Same as above
Shenzhen Palmview Interactive Entertainment Network Co., Ltd.	Related parties
Shenzhen World Inside Network Technology Co., Ltd.	Related parties
Liu Lu	Related parties
Zhang Caixia	Related parties (president of investee of indirect subsidiary of the Company before January 31, 2020)
Liu Fang Jung	Related parties

b. Operating transactions

Related Party Categories	Operating Expense - Other Expenses			
	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Related parties	\$ -	\$ -	\$ -	\$ 132

Operating expenses - other expenses are mainly software maintenance expenses, contract content and payment terms are determined by mutual agreement.

c. Other gains and losses

Line Items	Related Party Category/Name	For the Three Months Ended		For the Nine Months Ended	
		September 30		September 30	
		2021	2020	2021	2020
Other	Related parties	\$ -	\$ -	\$ -	\$ 2,296

The Company and its related parties - Service & Quality Technology (Hong Kong) Co., Ltd., Better Shares Limited, Service & Quality (Shenzhen) Commercial Co., Ltd., Shenzhen Zyeeda Information Technology Co., Ltd. and Shanghai OhYeah Network Technology Co., Ltd. signed an agreement on the elimination of credit and debts on May 11, 2020. The Company agreed that the creditor's rights of Service & Quality (Shenzhen) Commercial Co., Ltd., Shenzhen Zyeeda Information Technology Co., Ltd. and Shanghai OhYeah Network Technology Co., Ltd. of RMB2,246 thousand, RMB550 thousand and RMB385 thousand, respectively (trade receivables \$1,413 thousand and other receivables \$12,794 thousand on May 11, 2020) were completely eliminated, and the Company promised not to pursue claims from the debtors; in addition, Service & Quality Technology (Hong Kong) Co., Ltd. and Better Shares Limited agreed that the claim for US\$340 thousand and HK\$1,507 thousand against the Company (trade payables \$3,094 thousand and other payables \$12,794 thousand on May 11, 2020) were all eliminated, and the creditors promised not to pursue claims from the Company. According to the agreement, the Company offsets the above accounts and adjusts the difference of \$2,296 thousand to other gains and losses.

d. Discontinued operations - other income

Line Items	Related Party Category/Name	For the Three Months Ended		For the Nine Months Ended	
		September 30		September 30	
		2021	2020	2021	2020
Rental income	Shenzhen World Inside Network Technology Co., Ltd.	\$ -	\$ -	\$ -	\$ 308

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

e. Lease arrangements

Line Item	Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2021	2020	2021	2020
Lease expense	Related parties	\$ -	\$ 81	\$ 108	\$ 135

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

f. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 4,034	\$ 3,253	\$ 10,470	\$ 6,547
Post-employment benefits	<u>191</u>	<u>47</u>	<u>378</u>	<u>118</u>
	<u>\$ 4,225</u>	<u>\$ 3,300</u>	<u>\$ 10,848</u>	<u>\$ 6,665</u>

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

g. Other

For the disposal of Service & Quality Technology (Hong Kong) Co., Ltd. between the Group and Columbus Investment Co., Ltd. on March 31, 2020, refer to Notes 11 and 25.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

32. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE

33. OTHER ITEMS

Due to the impact of COVID-19 pandemic, the Group assesses that its overall business and financial aspects have not been significantly affected and there are no doubts about going concern, asset impairment and financial risks.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of Foreign Currency and New Taiwan Dollars)

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 81,222	27.85 (USD:NTD)	\$ 2,262,030
RMB	28,121	4.29 (RMB:NTD)	120,757
<u>Financial liabilities</u>			
Monetary items			
USD	39,941	27.85 (USD:NTD)	1,112,360
RMB	25,338	4.29 (RMB:NTD)	108,808

December 31, 2020

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

September 30, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,350	29.10 (USD:NTD)	\$ 68,387

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 1

- 4) Marketable securities acquired and 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: Table 2
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 4
- b. Information on investees: Table 5
- c. Information on investments in mainland China
- 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 6.
 - 2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 7.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders

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

37. SEGMENTS INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a product-by-product basis with a focus on the operating results of each product. As the products share similar economic characteristics, and sell the same types of products in a uniform management approach, the Group's products are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the nine months ended September 30, 2021 and 2020 and information on assets is referenced from the consolidated balance sheets as of September 30, 2021, December 31, 2020 and September 30, 2020.

Information about major customers:

Single customer contributing 10% or more to the Group's revenue is as follows:

Customer Name	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2021	Percentage (%)	2020	Percentage (%)
Customer 1	\$ 1,396,399	81	\$ -	-

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

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Trantest Precision (China) Ltd.	Non-principal investment products: Qian Yuan - Si Xiang Jing Xin Jing Li product	-	Financial assets at fair value through profit or loss	-	\$ 42,942	-	\$ 42,942	

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	Service	\$ 589,139	95	30 days from the end of the month	\$ -	-	\$ 505,552	99	-
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Brother company	Sale	858,404	77	Same as above	-	-	225,010	45	-

Note: The above transactions have been eliminated during the preparation of the consolidated financial statements.

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

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Subsidiary	\$ 505,552	3.07	\$ -	-	\$ 135,358	\$ -
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Brother company	225,010	6.11	-	-	150,828	-

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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

Number (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	1	Service income	\$ 589,139	Depends on contract	34
		Trantest Precision (China) Ltd.	1	Service income	13,289	Depends on contract	1
		Trantest Enterprise Ltd.	1	Trade receivables	505,552	Depends on contract	19
		Trantest Precision (China) Ltd.	1	Trade receivables	2,089	Depends on contract	-
1	Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	3	Sales	858,404	Its trading price depends on its function within the Group	50
		Trantest Enterprise Ltd.	3	Trade receivables	225,010	Its trading price depends on its function within the Group	8

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

- a. Number 0 represents the parent company.
- b. Number 1 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

- a. "1" represents transactions from parent company to subsidiary.
- b. "2" represents transactions from subsidiary to parent company.
- c. "3" represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

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

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income of the Investee	Share of Profit	Note
				September 30, 2021	December 31, 2020	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	\$ 228,712 (US\$ 8,035)	\$ -	8,035	100	\$ 227,336	\$ 2,292	\$ (6,059)	
	Trantest Enterprise Ltd.	Samoa	Sales of precision testing equipment	388,050	-	2,000	100	381,945	2,297	2,297	

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars, U.S. Dollars and RMB)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss)	Carrying Amount as of September 30, 2021	Accumulated Repatriation of Investment Income as of September 30, 2021
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	b	\$ -	\$ 228,419 (US\$ 8,025)	\$ -	\$ 228,419 (US\$ 8,025)	51	\$ (3,333)	\$ (1,700) (Notes 2, b, 3)	\$ 228,372	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$289,108 (US\$9,944)	\$289,581 (US\$9,960)	\$890,573

Note 1: Methods of investment have following type:

- a. Direct investment in mainland China.
- b. Indirect investment through a company registered in a third region.
- c. Others.

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

- a. Should be indicated if currently under preparation and not generating investment income.
- b. The basis of recognition of investment profit (loss) should be indicated and is classified as follows:
 - 1) Amounts was recognized based on the financial statements audited by international audit firms with business relationship with audit firms in the ROC.
 - 2) Amount was recognized based on the parent company's audited financial statements.
 - 3) Others.

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

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

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

Investee Company	Transaction Type	Purchase/Sale		Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Trantest Precision (China) Ltd	Sales	\$ 858,404	50	30 days after sales for parts	Its trading price depends on its function within the Group	\$ 225,010	23	\$ 8,350	

TABLE 8**AETHERTEK TECHNOLOGY CO., LTD.**
(Formerly Service & Quality Group Co., Ltd.)
AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS**
SEPTEMBER 30, 2021

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

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