

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

**Consolidated Financial Statements for the**  
**Three Months Ended March 31, 2022 and 2021 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 March 31, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the three 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 March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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

May 12, 2022

Notice to Readers

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

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 939,966	41	\$ 847,242	37	\$ 582,435	67
Financial assets at fair value through profit or loss (Note 7)	46,454	2	44,483	2	-	-
Contract assets	-	-	-	-	3,424	-
Trade receivables (Notes 8 and 21)	400,840	17	488,831	21	4,280	1
Other receivables	5,109	-	2,762	-	81	-
Current tax assets	3,541	-	3,412	-	44	-
Inventories (Note 9)	285,665	13	288,066	13	-	-
Prepayments	14,998	1	17,683	1	2,850	-
Other financial assets (Note 16)	-	-	-	-	267,852	31
Other current assets	164	-	173	-	-	-
Total current assets	<u>1,696,737</u>	<u>74</u>	<u>1,692,652</u>	<u>74</u>	<u>860,966</u>	<u>99</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment (Note 11)	164,050	7	157,226	7	792	-
Right-of-use assets (Note 12)	15,908	1	20,135	1	2,207	-
Investment property (Note 13)	64,786	3	63,473	3	-	-
Goodwill (Note 14)	106,170	5	105,999	5	-	-
Other intangible assets (Note 15)	216,877	9	214,814	9	3,395	1
Deferred tax assets	26,056	1	12,433	-	2	-
Prepayments for equipment	2,214	-	21,571	1	-	-
Refundable assets	10,754	-	10,473	-	986	-
Total non-current assets	<u>606,815</u>	<u>26</u>	<u>606,124</u>	<u>26</u>	<u>7,382</u>	<u>1</u>
<b>TOTAL</b>	<u>\$ 2,303,552</u>	<u>100</u>	<u>\$ 2,298,776</u>	<u>100</u>	<u>\$ 868,348</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 17)	\$ 171,750	8	\$ -	-	\$ -	-
Contract liabilities	2,706	-	2,287	-	-	-
Trade payables	95,109	4	69,794	3	-	-
Dividends payable (Note 18)	370,488	16	517,693	23	-	-
Other payables (Note 18)	82,352	4	154,127	7	4,682	1
Current tax liabilities	51,956	2	51,956	2	-	-
Lease liabilities - current (Note 12)	15,563	1	20,336	1	1,390	-
Other current liabilities	4	-	27	-	1	-
Total current liabilities	<u>789,928</u>	<u>35</u>	<u>816,220</u>	<u>36</u>	<u>6,073</u>	<u>1</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	5,692	-	-	-	-	-
Lease liabilities - non-current (Note 12)	38	-	186	-	828	-
Total non-current liabilities	<u>5,730</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>828</u>	<u>-</u>
Total liabilities	<u>795,658</u>	<u>35</u>	<u>816,406</u>	<u>36</u>	<u>6,901</u>	<u>1</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Ordinary shares	702,840	30	702,840	30	702,840	81
Capital surplus	157,852	7	157,852	7	157,852	18
Retained earnings (accumulated deficit)	473,597	21	444,895	19	762	-
Other equity	9,114	-	(7,875)	-	(7)	-
Equity attributable to owners of the Company	<u>1,343,403</u>	<u>58</u>	<u>1,297,712</u>	<u>56</u>	<u>861,447</u>	<u>99</u>
<b>NON-CONTROLLING INTERESTS (Note 20)</b>	<u>164,491</u>	<u>7</u>	<u>184,658</u>	<u>8</u>	<u>-</u>	<u>-</u>
Total equity	<u>1,507,894</u>	<u>65</u>	<u>1,482,370</u>	<u>64</u>	<u>861,447</u>	<u>99</u>
<b>TOTAL</b>	<u>\$ 2,303,552</u>	<u>100</u>	<u>\$ 2,298,776</u>	<u>100</u>	<u>\$ 868,348</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)

	<b>For the Three Months Ended March 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OPERATING REVENUE (Note 21)	\$ 299,534	100	\$ 13,563	100
OPERATING COSTS (Note 22)	<u>(145,656)</u>	<u>(48)</u>	<u>(6,502)</u>	<u>(48)</u>
GROSS PROFIT	<u>153,878</u>	<u>52</u>	<u>7,061</u>	<u>52</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	(43,884)	(15)	(351)	(2)
General and administrative expenses	(36,266)	(12)	(5,987)	(44)
Research and development expenses	(106,831)	(36)	-	-
Expected credit loss	<u>(4,343)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(191,324)</u>	<u>(64)</u>	<u>(6,338)</u>	<u>(46)</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(37,446)</u>	<u>(12)</u>	<u>723</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	142	-	121	1
Other income	10,969	4	-	-
Other gains and losses	16,758	5	(67)	(1)
Finance costs	<u>(138)</u>	<u>-</u>	<u>(15)</u>	<u>-</u>
Total non-operating income and expenses	<u>27,731</u>	<u>9</u>	<u>39</u>	<u>-</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(9,715)	(3)	762	6
INCOME TAX BENEFIT (Note 23)	<u>11,716</u>	<u>4</u>	<u>-</u>	<u>-</u>
NET PROFIT FROM CONTINUING OPERATIONS	2,001	1	762	6

(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 March 31			
	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	\$ 27,770	9	\$ (9)	-
Income tax related to items that may be reclassified subsequently to profit or loss (Notes 20 and 23)	<u>(4,247)</u>	<u>(1)</u>	<u>2</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>23,523</u>	<u>8</u>	<u>(7)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 25,524</u>	<u>9</u>	<u>\$ 755</u>	<u>6</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 28,702	10	\$ 762	6
Non-controlling interests	<u>(26,701)</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,001</u>	<u>1</u>	<u>\$ 762</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 45,691	15	\$ 755	6
Non-controlling interests	<u>(20,167)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,524</u>	<u>9</u>	<u>\$ 755</u>	<u>6</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
From continuing operations				
Basic	<u>\$ 0.41</u>		<u>\$ 0.01</u>	
Diluted	<u>\$ 0.41</u>		<u>\$ 0.01</u>	

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

(Concluded)

**AETHERTEK TECHNOLOGY CO., LTD.**  
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**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 (Accumulated Deficit)	Others Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
Shares (In Thousands)	Amount							
BALANCE, JANUARY 1, 2021	70,284	\$ 702,840	\$ 211,844	\$ (53,992)	\$ -	\$ 860,692	\$ -	\$ 860,692
Net profit for the three months ended March 31, 2021	-	-	-	762	-	762	-	762
Other comprehensive income for the three months ended March 31, 2021, net of income tax (Note 20)	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	762	(7)	755	-	755
Capital surplus used to cover accumulated deficit	-	-	(53,992)	53,992	-	-	-	-
BALANCE, MARCH 31, 2021	70,284	\$ 702,840	\$ 157,852	\$ 762	\$ (7)	\$ 861,447	\$ -	\$ 861,447
BALANCE, JANUARY 1, 2022	70,284	\$ 702,840	\$ 157,852	\$ 444,895	\$ (7,875)	\$ 1,297,712	\$ 184,658	\$ 1,482,370
Net profit (loss) for the three months ended March 31, 2022	-	-	-	28,702	-	28,702	(26,701)	2,001
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax (Note 20)	-	-	-	-	16,989	16,989	6,534	23,523
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	28,702	16,989	45,691	(20,167)	25,524
BALANCE, MARCH 31, 2022	70,284	\$ 702,840	\$ 157,852	\$ 473,597	\$ 9,114	\$ 1,343,403	\$ 164,491	\$ 1,507,894

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 CASH FLOWS**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ (9,715)	\$ 762
Adjustments for:		
Depreciation expense	25,900	418
Amortization expense	7,330	324
Expected credit loss recognized on trade receivables	4,343	-
Net gain on financial instruments at fair value through profit or loss	(288)	-
Finance costs	138	15
Interest income	(142)	(121)
Write-down of inventories	17,939	-
Net changes in operating assets and liabilities		
Contract assets	-	(3,424)
Trade receivables	82,246	1,422
Other receivables	(2,347)	(50)
Inventories	(15,538)	-
Prepayments	2,685	(1,821)
Other current assets	9	-
Contract liabilities	419	-
Trade payables	25,315	-
Other payables	(217,818)	(3,349)
Other current liabilities	(23)	(249)
Cash used in operations	(79,547)	(6,073)
Interest received	142	121
Interest paid	(138)	(15)
Income tax paid	-	(12)
Net cash used in operating activities	<u>(79,543)</u>	<u>(5,979)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(2,614)	-
Increase in refundable deposits	-	(680)
Payments for intangible assets	(2,363)	-
Increase in prepayments for equipment	(929)	-
Net cash used in investing activities	<u>(5,906)</u>	<u>(680)</u>

(Continued)

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

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

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	\$ 171,750	\$ -
Repayment of the principal portion of lease liabilities	(5,492)	(223)
Net cash generated from (used in) financing activities	<u>166,258</u>	<u>(223)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE</b>		
<b>    OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>11,915</u>	<u>(9)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH</b>		
<b>    EQUIVALENTS</b>	92,724	(6,891)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<u>847,242</u>	<u>589,326</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<u>\$ 939,966</u>	<u>\$ 582,435</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 THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**  
**(Reviewed, Not Audited)**

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**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 May 12, 2022.

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

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

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

- b. 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
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2023

(Continued)

<b><u>New Release/Amendment/Revision Criteria and Interpretation</u></b>	<b><u>Effective Date Issued by IASB (Note 1)</u></b>
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)
	(Concluded)

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 6 and Table 7 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, 2021.

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.

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 230	\$ 180	\$ 146
Checking accounts and demand deposits	<u>939,736</u>	<u>847,062</u>	<u>582,289</u>
	<u>\$ 939,966</u>	<u>\$ 847,242</u>	<u>\$ 582,435</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Financial assets mandatorily classified as at FVTPL			
Non-principal investment products	<u>\$ 46,454</u>	<u>\$ 44,483</u>	<u>\$ -</u>

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 March 31, 2022.

## 8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 442,149	\$ 524,395	\$ 4,280
Less: Allowance for impairment loss	<u>(41,309)</u>	<u>(35,564)</u>	<u>-</u>
	<u>\$ 400,840</u>	<u>\$ 488,831</u>	<u>\$ 4,280</u>

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.

March 31, 2022

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 207,397	\$ 105,010	\$ 25,119	\$ 100,528	\$ 4,095	\$ 442,149
Loss allowance (Lifetime ECL)	<u>(1,507)</u>	<u>(2,951)</u>	<u>(1,577)</u>	<u>(31,179)</u>	<u>(4,095)</u>	<u>(41,309)</u>
Amortized cost	<u>\$ 205,890</u>	<u>\$ 102,059</u>	<u>\$ 23,542</u>	<u>\$ 69,349</u>	<u>\$ -</u>	<u>\$ 400,840</u>

December 31, 2021

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 223,267	\$ 77,032	\$ 167,636	\$ 52,689	\$ 3,771	\$ 524,395
Loss allowance (Lifetime ECL)	<u>(1,778)</u>	<u>(2,290)</u>	<u>(11,703)</u>	<u>(16,022)</u>	<u>(3,771)</u>	<u>(35,564)</u>
Amortized cost	<u>\$ 221,489</u>	<u>\$ 74,742</u>	<u>\$ 155,933</u>	<u>\$ 36,667</u>	<u>\$ -</u>	<u>\$ 488,831</u>

March 31, 2021

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 4,280	\$ -	\$ -	\$ -	\$ -	\$ 4,280
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 4,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,280</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; 14% to 100% for more than 181 days overdue.

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning of the period	\$ 35,564	\$ -
Add: Net remeasurement of loss allowance	4,343	-
Foreign exchange gains and losses	<u>1,402</u>	<u>-</u>
End of the period	<u>\$ 41,309</u>	<u>\$ -</u>

## 9. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 186,955	\$ 176,901	\$ -
Semi-finished products	31,048	28,973	-
Work in progress	29,908	45,584	-
Finished goods	<u>37,754</u>	<u>36,608</u>	<u>-</u>
	<u>\$ 285,665</u>	<u>\$ 288,066</u>	<u>\$ -</u>

The costs of inventories recognized as costs of goods sold for the three months ended March 31, 2022 and 2021 were \$145,656 thousand and \$0, respectively. For the three months ended March 31, 2022, and 2021, The cost of goods sold included inventory write-downs of \$17,939 thousand and \$0, respectively.

## 10. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	100	100	-	(1)
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Sales of precision testing equipment	-	100	-	(2)
Trantest Enterprise 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	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. The Company injected US\$10,000 thousand on December 31, 2021.

Note 2: In order to meet the needs of the overall operation and development, the board of directors resolved on the adjustment of the Group's structure on March 29, 2022, selling Trantest Enterprise Limited, which was originally held by Aethertek Technology Co., Ltd. The transaction amount was US\$12,267 thousand.

Note 3: The Company's board of directors resolved in January 2021, to acquire and had acquired 51% ownership of Trantest Precision (China) 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		
		March 31, 2022	December 31, 2021	March 31, 2021
Trantest Precision (China) Ltd.	Shenzhen, China	49%	49%	-

See Table 7 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.

	<b>March 31, 2022</b>
Current assets	\$ 618,462
Non-current assets	234,319
Current liabilities	(506,247)
Non-current liabilities	<u>(38)</u>
Equity	<u>\$ 346,496</u>
Equity attributable to:	
Owners of the Company	\$ 176,713
Non-controlling interests	<u>169,783</u>
	<u>\$ 346,496</u>
	<b>For the Three Months Ended March 31, 2022</b>
Revenue	<u>\$ 208,686</u>
Loss for the period	\$ (52,615)
Other comprehensive income for the period	<u>13,405</u>
Total comprehensive loss for the period	<u>\$ (39,210)</u>
Net loss attributable to:	
Owners of the Company	\$ (26,834)
Non-controlling interests	<u>(25,781)</u>
	<u>\$ (52,615)</u>
Total comprehensive loss attributable to:	
Owners of the Company	\$ (19,997)
Non-controlling interests	<u>(19,213)</u>
	<u>\$ (39,210)</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Leasehold Improvements	Office Equipment	Transportation Equipment	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 35,757	\$ 323,806	\$ 2,448	\$ 37,852	\$ 6,707	\$ 406,570
Additions	-	-	-	1,452	-	1,452
Reclassified	-	-	20,286	-	-	20,286
Effects of foreign currency exchange differences	1,348	12,152	-	1,243	253	14,996
Balance at March 31, 2022	<u>\$ 37,105</u>	<u>\$ 335,958</u>	<u>\$ 22,734</u>	<u>\$ 40,547</u>	<u>\$ 6,960</u>	<u>\$ 443,304</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 7,493	\$ 213,320	\$ 65	\$ 24,104	\$ 4,362	\$ 249,344
Depreciation expense	470	17,019	666	1,379	565	20,099
Effects of foreign currency exchange differences	293	8,424	-	917	177	9,811
Balance at March 31, 2022	<u>\$ 8,256</u>	<u>\$ 238,763</u>	<u>\$ 731</u>	<u>\$ 26,400</u>	<u>\$ 5,104</u>	<u>\$ 279,254</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 28,264</u>	<u>\$ 110,486</u>	<u>\$ 2,383</u>	<u>\$ 13,748</u>	<u>\$ 2,345</u>	<u>\$ 157,226</u>
Carrying amount at March 31, 2022	<u>\$ 28,849</u>	<u>\$ 97,195</u>	<u>\$ 22,003</u>	<u>\$ 14,147</u>	<u>\$ 1,856</u>	<u>\$ 164,050</u>
<u>Cost</u>						
Balance at January 1, 2021	\$ -	\$ -	\$ 620	\$ 852	\$ -	\$ 1,472
Disposals	-	-	-	(141)	-	(141)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 711</u>	<u>\$ -</u>	<u>\$ 1,331</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ -	\$ -	\$ 254	\$ 356	\$ -	\$ 610
Depreciation expense	-	-	26	44	-	70
Disposals	-	-	-	(141)	-	(141)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 539</u>
Carrying amount at March 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ 792</u>

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	5 years
Office equipment	2 to 10 years
Transportation equipment	4 to 5 years

As of March 31, 2022, the property, plant and equipment were not pledged as collateral.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Buildings	\$ 13,420	\$ 17,698	\$ 2,207
Lands	<u>2,488</u>	<u>2,437</u>	<u>-</u>
	<u>\$ 15,908</u>	<u>\$ 20,135</u>	<u>\$ 2,207</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning of the period	\$ 20,135	\$ 2,555
Additions to right-of-use assets	114	-
Depreciation charge for right-of-use assets	(4,745)	(348)
Effects of foreign currency exchange differences	<u>404</u>	<u>-</u>
	<u>\$ 15,908</u>	<u>\$ 2,207</u>

b. Lease liabilities

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<u>Carrying amount</u>			
Current	<u>\$ 15,563</u>	<u>\$ 20,336</u>	<u>\$ 1,390</u>
Non-current	<u>\$ 38</u>	<u>\$ 186</u>	<u>\$ 828</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Buildings	2.60%-3.85%	2.60%-3.85%	2.60%

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 8,876</u>	<u>\$ 1,054</u>
Expenses relating to low-value asset leases	<u>\$ 14</u>	<u>\$ 5</u>
Total cash outflow for leases	<u>\$ (14,520)</u>	<u>\$ (1,297)</u>

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.

### 13. INVESTMENT PROPERTIES

**For the Three  
Months Ended  
March 31, 2022**

Cost

Beginning of the period	\$ 80,136
Effects of foreign currency exchange differences	<u>3,021</u>

End of the period	\$ <u>83,157</u>
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Accumulated depreciation

Beginning of the period	\$ 16,663
Depreciation expense	1,056
Effects of foreign currency exchange differences	<u>652</u>

End of the period	\$ <u>18,371</u>
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Carrying amount, net, March 31, 2022	\$ <u>64,786</u>
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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 carrying amount of the investment properties located in China. The fair value of the investment properties at April 9, 2021 was measured by independent qualified professional valuers using Level 3 inputs, and the valuation was arrived at by reference to market evidence of transaction prices of similar properties. Management of the Company had assessed and determined that there were no significant changes in the fair value at March 31, 2022 as compared to that at April 9, 2021.

**March 31, 2022**

Fair value	\$ <u>68,857</u>
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### 14. GOODWILL

**For the Three Months Ended  
March 31**

	2022	2021
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Cost

Beginning of the period	\$ 105,999	\$ -
Effects of foreign currency exchange differences	<u>171</u>	<u>-</u>

End of the period	\$ <u>106,170</u>	\$ <u>-</u>
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## 15. OTHER INTANGIBLE ASSETS

	<b>Customer Relationships</b>	<b>Computer Software</b>	<b>Amount</b>
<u>Cost</u>			
Balance, January 1, 2022	\$ 226,091	\$ 32,087	\$ 258,178
Additions	-	2,363	2,363
Effects of foreign currency exchange differences	<u>7,719</u>	<u>1,108</u>	<u>8,827</u>
Balance, March 31, 2022	<u>\$ 233,810</u>	<u>\$ 35,558</u>	<u>\$ 269,368</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2022	\$ 17,437	\$ 25,927	\$ 43,364
Amortization expenses	5,878	1,452	7,330
Effects of foreign currency exchange differences	<u>728</u>	<u>1,069</u>	<u>1,797</u>
Balance, March 31, 2022	<u>\$ 24,043</u>	<u>\$ 28,448</u>	<u>\$ 52,491</u>
Carrying amount at March 31, 2022	<u>\$ 209,767</u>	<u>\$ 7,110</u>	<u>\$ 216,877</u>
<u>Cost</u>			
Balance, January 1, 2021 and March 31, 2021	<u>\$ -</u>	<u>\$ 3,942</u>	<u>\$ 3,942</u>
<u>Accumulated amortization</u>			
Balance, January 1, 2021	\$ -	\$ 223	\$ 223
Amortization expenses	<u>-</u>	<u>324</u>	<u>324</u>
Balance, March 31, 2021	<u>\$ -</u>	<u>\$ 547</u>	<u>\$ 547</u>
Carrying amount at March 31, 2021	<u>\$ -</u>	<u>\$ 3,395</u>	<u>\$ 3,395</u>

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

Customer relationships	10 years
Computer software	1 to 5 years

## 16. OTHER FINANCIAL ASSETS

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Time deposits with original maturities of more than 3 months	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,852</u>

The interest rate for time deposits with original maturities of more than 3 months was approximately 0.18% as of March 31, 2021.

## 17. BORROWINGS

### Short-term Borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Bank loan	\$ 171,750	\$ -	\$ -

The ranges of weighted average effective interest rate of bank loans were 1.5% per annum as March 31, 2022 respectively.

## 18. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for salaries or bonuses	\$ 67,139	\$ 130,302	\$ 2,906
Payables for compensation of employees	5,224	5,012	-
Payables for dividends (Note)	370,488	517,693	-
Payable for professional fees	-	1,372	932
Payable for purchases of equipment	263	1,425	-
Others	<u>9,726</u>	<u>16,016</u>	<u>844</u>
	<u>\$ 452,840</u>	<u>\$ 671,820</u>	<u>\$ 4,682</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

	March 31, 2022	December 31, 2021	March 31, 2021
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>70,284</u>
Shares issued and fully paid	<u>\$ 702,840</u>	<u>\$ 702,840</u>	<u>\$ 702,840</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 March 31, 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

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, <u>or transferred to share capital*</u>			
Issuance of ordinary shares	<u>\$ 157,852</u>	<u>\$ 157,852</u>	<u>\$ 157,852</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.

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

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Cash dividends	\$ 175,710	\$ 2.5
Legal reserve	44,490	-
Special reserve	7,875	-

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

d. Other equity items

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

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning of the period	\$ (7,875)	\$ -
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	21,236	(9)
Income tax that may be reclassified subsequently to profit or loss	<u>(4,247)</u>	<u>2</u>
End of the period	<u>\$ 9,114</u>	<u>\$ (7)</u>

e. Non-controlling interests

	<b>For the Three Months Ended March 31, 2022</b>
Balance at January 1	\$ 184,658
Share in loss for the year	(26,701)
Other comprehensive income during the year	
Exchange differences on the translation of the financial statements of foreign entities	<u>6,534</u>
Balance at March 31	<u>\$ 164,491</u>

**21. REVENUE**

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from the rendering of services	\$ 6,840	\$ 13,563
Revenue from the sale of goods	<u>292,694</u>	<u>-</u>
	<u>\$ 299,534</u>	<u>\$ 13,563</u>

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>	<b>January 1, 2021</b>
<u>Contract balances</u>				
Trade receivables (Note 8)	<u>\$ 400,840</u>	<u>\$ 488,831</u>	<u>\$ 4,280</u>	<u>\$ 5,702</u>
Contract assets				
Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,424</u>	<u>\$ -</u>
Contract liabilities				
Sale of goods	<u>\$ 2,706</u>	<u>\$ 2,287</u>	<u>\$ -</u>	<u>\$ -</u>

## 22. NET PROFIT

### a. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income		
Bank deposits	\$ 138	\$ 121
Others	<u>4</u>	<u>-</u>
	<u>\$ 142</u>	<u>\$ 121</u>

### b. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Government grants	\$ 4,408	\$ -
Others	<u>6,561</u>	<u>-</u>
	<u>\$ 10,969</u>	<u>\$ -</u>

### c. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Net foreign exchange gains (losses)	\$ 16,484	\$ (67)
Net gain on financial instruments at fair value through profit or loss	288	-
Others	<u>(14)</u>	<u>-</u>
	<u>\$ 16,758</u>	<u>\$ (67)</u>

### d. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<u>\$ 138</u>	<u>\$ 15</u>

e. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 20,099	\$ 70
Investment properties	1,056	-
Right-of-use assets	4,745	348
Intangible assets	<u>7,330</u>	<u>324</u>
	<u>\$ 33,230</u>	<u>\$ 742</u>
 An analysis of depreciation by function		
Operating cost	\$ 17,706	\$ 176
Operating expenses	<u>8,194</u>	<u>242</u>
	<u>\$ 25,900</u>	<u>\$ 418</u>
 An analysis of amortization by function		
Operating cost	\$ 79	\$ 317
Operating expenses	<u>7,251</u>	<u>7</u>
	<u>\$ 7,330</u>	<u>\$ 324</u>

f. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits		
Salary	\$ 118,029	\$ 7,693
Labor and health insurance	8,371	533
Post-employment benefits		
Defined contribution plans	1,168	263
Other employee benefits	<u>1,559</u>	<u>123</u>
Total employee benefits expense	<u>\$ 129,127</u>	<u>\$ 8,612</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 25,315	\$ 4,690
Operating expenses	<u>103,812</u>	<u>3,922</u>
	<u>\$ 129,127</u>	<u>\$ 8,612</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. The estimated compensation of employees and the remuneration of directors for the three months ended March 31, 2022 is as follows:

Accrual rate

	<b>For the Three Months Ended March 31, 2022</b>
Compensation of employees	1%
Remuneration of directors	0%

Amount

	<b>For the Three Months Ended March 31, 2022</b>
Compensation of employees	\$ 212
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.

The estimated compensation of employees and the remuneration of directors for the year ended December 31, 2021 is as follows:

Accrual rate

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

Amount

	<b>For the Year Ended December 31, 2021</b>
Compensation of employees	\$ 5,012
Remuneration of directors	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

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:

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ -	\$ -
Deferred tax		
In respect of the current year	<u>(11,716)</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ (11,716)</u>	<u>\$ -</u>

### b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on the translation of foreign operations	\$ <u>4,247</u>	\$ <u>(2)</u>
Income tax recognized in other comprehensive income (loss)	<u>\$ 4,247</u>	<u>\$ (2)</u>

### c. Income tax assessment

The income tax returns through 2020 have been assessed by the tax authorities. The companies in other jurisdictions have been examined according to their local laws.

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 0.41</u>	<u>\$ 0.01</u>
Diluted earnings per share	<u>\$ 0.41</u>	<u>\$ 0.01</u>

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

**Net Profit for the Period**

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	<u>\$ 28,702</u>	<u>\$ 762</u>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 28,702</u>	<u>\$ 762</u>

**Ordinary Shares**

	<b>For the Three Months Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted-average number of ordinary shares used in computation of basic earnings per share	70,284	70,284
Effect of potential dilutive common stock:		
Compensation of employees	<u>45</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>70,329</u>	<u>70,284</u>

**25. CASH FLOW INFORMATION**

The Group acquired property, plant and equipments on the three months ended March 31, 2022; the amounted was \$1,162 thousand. Payments for the acquisition of property, plant and equipment amounted to \$2,614 thousand in total.

**26. 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.

**27. 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

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Non-principal investment products	\$ 46,454	\$ -	\$ -	\$ 46,454

- c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Mandatorily at FVTPL	\$ 46,454	\$ 44,483	\$ -
Financial assets at amortized cost (Note 1)	1,356,669	1,349,308	855,634
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	647,336	606,300	1,776

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

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, trade payables and part of other payables (excluding salary and bonus).

- 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 33.

### 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.

	<b>U.S. Dollar</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
Pre-tax profit	<u>\$ 8,674</u>	<u>\$ 956</u>

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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Financial value interest rate risk			
Financial assets	\$ -	\$ -	\$ 267,852
Financial liabilities	187,351	20,522	2,218
Cash flows interest rate risk			
Financial assets	939,736	847,062	582,289

### 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 three months ended March 31, 2022 and 2021 would have decreased/increased by \$587 thousand and \$364 thousand, respectively, which was mainly a result of variable-interest-rate bank deposits and 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 March 31, 2022, December 31, 2021 and March 31, 2021, the percentage of total trade receivables from the top five customers was 66%, 73% 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.

#### March 31, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 475,586	\$ -	\$ -
Short-term borrowings	171,750	-	-
Lease liabilities	<u>15,563</u>	<u>38</u>	<u>-</u>
	<u>\$ 662,899</u>	<u>\$ 38</u>	<u>\$ -</u>

December 31, 2021

	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 606,300	\$ -	\$ -
Lease liabilities	<u>20,336</u>	<u>186</u>	<u>-</u>
	<u>\$ 626,636</u>	<u>\$ 186</u>	<u>\$ -</u>

March 31, 2021

	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 844	\$ -	\$ -
Lease liabilities	<u>1,390</u>	<u>828</u>	<u>-</u>
	<u>\$ 2,234</u>	<u>\$ 828</u>	<u>\$ -</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

The Company's parent is Ericson Capital Co., Ltd., which held 53% of the ordinary shares of the Company at March 31, 2022.

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>
Liu Fang Jung	Related parties

- b. Lease arrangements

<u>Line Items</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
		<u>2022</u>	<u>2021</u>
Lease expense	Related parties	<u>\$ 81</u>	<u>\$ 81</u>

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

c. Refundable assets

Line Items	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Refundable assets	Related parties	<u>\$ -</u>	<u>\$ 54</u>

d. Remuneration of key management personnel

Related Party Categories	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 4,209	\$ 3,636
Post-employment benefits	<u>174</u>	<u>82</u>
	<u>\$ 4,383</u>	<u>\$ 3,718</u>

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

**29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE**

**30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS: NONE**

**31. 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.

**32. EXPLANATION OF SEASONALITY OR PERIODICITY OF INTERIM OPERATIONS**

The Group is mainly engaged in the production of precision testing equipment and has the characteristics of low and high seasons of operation in response to the period when major customers launch new products. The Group conducts mass production and deliveries 3 to 4 months before customers launch new products. According to historical experience, the Group's sales peak is between June and September each year. Therefore, the Group's inventory from May to August is relatively higher than other months. Usually, the operating income in the first quarter of each year is the lowest, compared to the other three quarters. The peak season of shipment begins at the end of the second quarter, continuing until the end of the third quarter. Therefore, the third quarter is the peak of single-quarter operating income.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies 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)

March 31, 2022

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items USD	\$ 31,026	28.625 (USD:NTD)	\$ 888,113
<u>Financial liabilities</u>			
Monetary items USD	723	28.625 (USD:NTD)	20,703

December 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items USD	\$ 18,643	27.68 (USD:NTD)	\$ 516,035
<u>Financial liabilities</u>			
Monetary items USD	581	27.68 (USD:NTD)	16,070

March 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items USD	\$ 3,351	28.54 (USD:NTD)	\$ 95,615

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Table 1
- 3) Marketable securities held (excluding investment in subsidiaries and associates): Table 2
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: 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 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 5

b. Information on investees: Table 6

c. Information on investments in mainland China

- 1) The name of the mainland investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, investment book amount at the end of the period, repatriated investment gains and losses, and investment limits in mainland China: Table 7.
- 2) The following significant transactions, prices, payment terms, and unrealized gains and losses occurred directly or indirectly with the investee company in mainland China via the third region: Table 8.
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

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

d. Information of major shareholders

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

### 35. 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 three months ended March 31, 2022 and 2021 and information on assets is referenced from the consolidated balance sheets as of March 31, 2022, December 31, 2021 and March 31, 2021.

Information about major customers:

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

Customer Name	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2022	Percentage (%)	2021	Percentage (%)
Customer 1	\$ 208,355	70	\$ -	-

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

**ENDORSEMENTS/GUARANTEES PROVIDED**  
**MARCH 31, 2022**  
 (In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note)	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (US\$ in Thousands)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship										
0	Aethertek Technology Co., Ltd.	Trantest Enterprise Limited	Subsidiary	\$ 268,681	\$ 229,000	\$ 229,000	\$ -	\$ -	17%	\$ 537,361	Y	N	N
		Trantest Enterprise Limited	Subsidiary	268,681	229,000	229,000	171,750	-	17%	537,361	Y	N	N

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

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

**MARKETABLE SECURITIES HELD**  
**MARCH 31, 2022**  
 (In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2022				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	-	\$ 46,454	-	\$ 46,454	

**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 THREE MONTHS ENDED MARCH 31, 2022**  
 (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	
Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	Brother company	Sale	\$ 128,568	62	30 days from the end of the month	\$ -	-	\$ -	-	-

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**  
**MARCH 31, 2022**  
 (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	\$ 351,154	Note	\$ -	-	\$ 351,154	\$ -

Note: It is an investment receivable, so there is no turnover rate.

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**  
 (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	Other receivables	\$ 351,154	Depends on contract	15
		Trantest Precision (China) Ltd.	1	Purchases	5,266	Depends on contract	2
		Trantest Precision (China) Ltd.	1	Trade payables	2,258	Depends on contract	-
1	Trantest Enterprise Ltd.	Trantest Enterprise Ltd.	1	Other receivables	71,463	Advance payment	3
1	Trantest Precision (China) Ltd.	Trantest Enterprise Ltd.	3	Sales	128,568	Its trading price depends on its function within the Group	43

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 THREE MONTHS ENDED MARCH 31, 2022**  
 (In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2022			Net Income of the Investee	Share of Profit	Note
				March 31, 2022	December 31, 2021	Stocks (Thousands)	%	Carrying Amount			
Aethertek Technology Co., Ltd.	Trantest Enterprise Ltd.	Hong Kong	Sales of precision testing equipment	\$ 507,367 (US\$ 18,035)	\$ 507,367 (US\$ 18,035)	18,035	100	\$ 598,020	\$ 6,602	\$ 5,645	
Trantest Enterprise Ltd.	Trantest Enterprise Ltd.	Samoa	Sales of precision testing equipment	351,154 (US\$ 12,267)	-	2,000	100	385,377	33,469	33,469	

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

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
 FOR THE THREE MONTHS ENDED MARCH 31, 2022  
 (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, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022
					Outflow	Inflow						
Trantest Precision (China) Ltd.	Manufacture and sales of precision testing equipment.	\$ 238,747 (RMB 55,000)	b	\$ 228,419 (US\$ 8,025)	\$ -	\$ -	\$ 228,419 (US\$ 8,025)	51	\$ (52,615)	\$ (26,834) (Notes 2, b, 3)	\$ 181,889	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022	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)	\$904,736

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 THREE MONTHS ENDED MARCH 31, 2022**  
 (In Thousands of New Taiwan Dollars)

Purchase and Sale Company	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 Enterprise Ltd.	Trantest Precision (China) Ltd	Purchases	\$ 128,568	62	30 days after sales for parts	Its trading price depends on its function within the Group	\$ -	-	\$ 3,429	
Aethertek Technology Co., Ltd.	Trantest Precision (China) Ltd	Purchases	5,266	2	30 days after sales for parts	Its trading price depends on its function within the Group	2,258	2	\$ 2,077	

**TABLE 9****AETHERTEK TECHNOLOGY CO., LTD.**  
**(Formerly Service & Quality Group Co., Ltd.)**  
**AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS**  
**MARCH 31, 2022**

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.