Ticker: 6449

APAQ Technology Co., Ltd.

2020

Annual Report

Printed on May 7, 2021

Available at:
Market Observation Post System: http://mops.twse.com.tw
Company Website: http://www.apaq.com.tw/

Names, Titles, Telephone Numbers, and Email Addressees of the Spokesperson and Acting Spokesperson

Name and title of the Spokesperson: Ching-Feng Lin, CEO and CRO

Tel.: (037) 777-588

Email: cflin@apaq.com.tw

Name and title of the Acting Spokesperson: Hsi-Tung Lin, General Manager

Tel.: (037) 777-588

Email: stlin@apaq.com.tw

Addresses and Telephone Numbers of Corporate Headquarters, Subsidiaries and Factories

Headquarters: 4F., No. 2 & 6, Kedong 3rd Rd., Chunan Township, Miaoli County

Tel.: (037) 777-588

Branches: None

Factory: No. 1201, Lianfu Rd., Xishan Economic & Technological Development Zone, Wuxi City, Jiangsu Province, China

Tel.: (86) 510-81025298

Name, Address, Website, and Telephone Number of the Stock Transfer Agency

Name: Stock Affairs Department, Grand Fortune Securities Co., Ltd.

Address: 6F., No. 6, Sec. 1, Chung Hsiao W. Rd., Taipei City

Website: http://www.gfortune.com.tw/

Tel.: (02) 2371-1658

Name of CPAs who Audited the Financial Statements for the Most Recent Year, and the Name, Address and Telephone Number of the CPAs' Accounting Firm

Certified public accountants: Wan-Yuan Yu and Grace Lu

CPA Firm: KPMG Taiwan

Address: 68th Floor, No. 7, Section 5, Xinyi Road, Taipei City

Website: www.kpmg.com.tw

Tel.: (02) 8101-6666

Name of the Stock Exchange Where the Company's Securities Are Traded Offshore and Methods of Searching Information of the Offshore Marketable Securities

N/A

Company website: www.apaq.com.tw

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Chapter 1. Letter to Shareholders

I. Business Plan, Future Company Development Strategies, Impacts from External Competition, Legal Environment, and Overall Business Environment this Year

APAQ Technology Co., Ltd. (hereinafter referred to as "APAQ") aims at innovating technological products and providing a comfortable and convenient living environment with conductive polymer materials as the core technology. APAQ has successfully developed a series of solid capacitor products, has mastered the advantages of R&D, marketing and manufacturing management, and has been treated as an important strategic partner by big manufacturer customers around the world.

The outbreak of the pandemic in 2020 had driven the trend of work from home and distance learning, which stimulated the demand for MB/NB/VGA/Server/game console, etc., and increased the shipment of various products of APAQ. In addition, the establishment of a cost-competitive production line of coiled solid state capacitors in Hubei Province had also increased the Company's revenue and operating efficiency. Consequently, APAQ's operating performance in 2020 reached a record high.

In order to further expand market share and meet customer demand, APAQ will continue to expand production lines of coiled and stacked solid state capacitors in 2021 to enhance market competitiveness.

II. 2020 Operating Outcome

1.Analysis of the outcome of the business plan, the financial revenue and expenditures, and profitability

Unit: NTD thousands

Item	2020	2019	Growth Rate
Net operating revenue	2,384,625	2,002,841	19.06%
Gross profit	683,272	462,123	47.86%
Operating profit	386,898	208,051	85.96%
Net income after tax (NIAT)	261,615	139,071	88.12%

2.Implementation status of budget: N/A.

III. Research and Development

In response to the market development towards high-end market of 5G / IOT / AI / Power / Automotive / Industrial, APAQ will continue to develop coiled and stacked conductive polymer solid state capacitors with the characteristics of low impedance, high ripple, miniaturization, long life, high temperature resistance, and high voltage for the high-end market in 2021.

IV. Vision of continuous growth

Thanks to the full support from our shareholders, the team has been able to obtain sufficient resources in the past year to continue to complete the productivity construction and the development of new products, which has laid a solid foundation for the Company's sustainable development. As the Company has entered the stage of rapid growth at present, we sincerely request the shareholders' continuous support and recognition.

Sincere wishes for

Happiness and health!

General Manager Hsi-Tung Lin

Chapter II. Company Profile

I. Founding Date

Founding Date: December 23, 2005

II. Company History

The Company at current mainly produces subminiature electrolytic capacitor products with the characteristics of high-temperature resistance, long life, and low impedance, as well as conducts R&D in and produces conductive polymer solid-state capacitors and chip-type capacitors to meet client needs. These products mainly target industries such as MB, NB, Server, HPC, power supply, and net communication, are price-competitive domestically and of reliable quality, and altogether occupy a place in the solid-state capacitor market. Important events of the Company are as follows:

2005
- The Company was founded with registered capital of NT$600 million and a paid-up capital of NT$5 million.

2006
- A plant was approved to be established in Miaoli County with factory registration certificate.
- 20,021,000 new shares were issued for cash capital increase, and paid-up capital was increased to NT$ 205,210,000.
- Coiled solid capacitors were officially into mass production as ITRI transferred solid capacitance technology.
- Obtained ISO-9001 Certification.

2007
- 10 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$305,210,000.
- An overseas plant base APAQ Electronic (Wuxi) Co., Ltd., was founded with indirect investment through a third country and officially went into production.

2008
- Chip-type solid capacitors were successfully developed.
- 18 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$485,210,000.

2009
- Obtained QC080000 Certification.
- 10 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$585,210,000.
- Signing an agreement of grant for "development plan for material technology and process technology of microminiature aluminum chips" of industrial technology developed in the industry with the Industrial Development Bureau, MOEA.

2011
- 449,875 new shares were issued for cash capital increase through conversion of surplus, and paid-up capital was increased to NT$589,708,750.

2012
- 4,319,251 new shares were issued for cash capital increase through conversion of surplus, and paid-up capital was increased to NT$632,901,260.
- Obtained ISO14001 Certification.
- Built its own plants in Wuxi City in Mainland to expand capacity for producing coiled solid capacitors.

2013
- Applied for initial public offering.

2014 • Public issue of stock.
• Publicly traded as an Emerging Stock on the Securities Exchange Market, R.O.C., with the stock code 6449.
• Obtained OHSAS18001 Certification.
• Built a new plant of chip-type solid capacitors in Wuxi City in Mainland to expand capacity for producing chip-type solid capacitors.
• Obtained TS16949 Certification.
• 6.9 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$731,901,260.
• Publicly traded on Taiwan Stock Exchange with the stock code 6449.

2015 • The plan to set up R&D and application center of conductive polymer material with the support of government.

2016 • In response to market demands, the capacity for producing coiled V-Chip solid capacitors was expanded from 30 million pieces per month to 50 million pieces per month.

2017 • The technology and products of advanced applications of polymer material prescription were successfully developed. The R&D achievements on the material were introduced into the development of new advanced solid capacitor products with 25V to 100V.
• NT$ 300 million of first batch of domestic unsecured convertible bond was issued.
• 2,904,574 new shares were issued by the conversion of first batch of domestic unsecured convertible corporate bond and paid-up capital was increased to NT$760,947,000.

2018 • 5,167,212 new shares were issued by the conversion of first batch of domestic unsecured convertible bond and paid-up capital was increased to NT$812,619,120.
• Second batch of domestic unsecured convertible corporate bonds was issued for NT$250,000,000.
• 5.5 million new shares were issued for cash capital increase, and paid-up capital was increased to NT$867,619,120.
• 2,320,000 shares of the Company were first redeemed and paid-up capital was decreased to NT$844,419,120.
• High voltage (above 16V) chip-type solid capacitors were successfully developed.

2019 • Hybrid capacitors were successfully developed.
• APAQ Technology (Hubei) Co., Ltd. was founded to mass-produce coiled solid capacitors to expand the market share.
• 59,171 new shares were issued by the conversion of the first domestic unsecured convertible bond and paid-up capital was increased to NT$845,100,830.

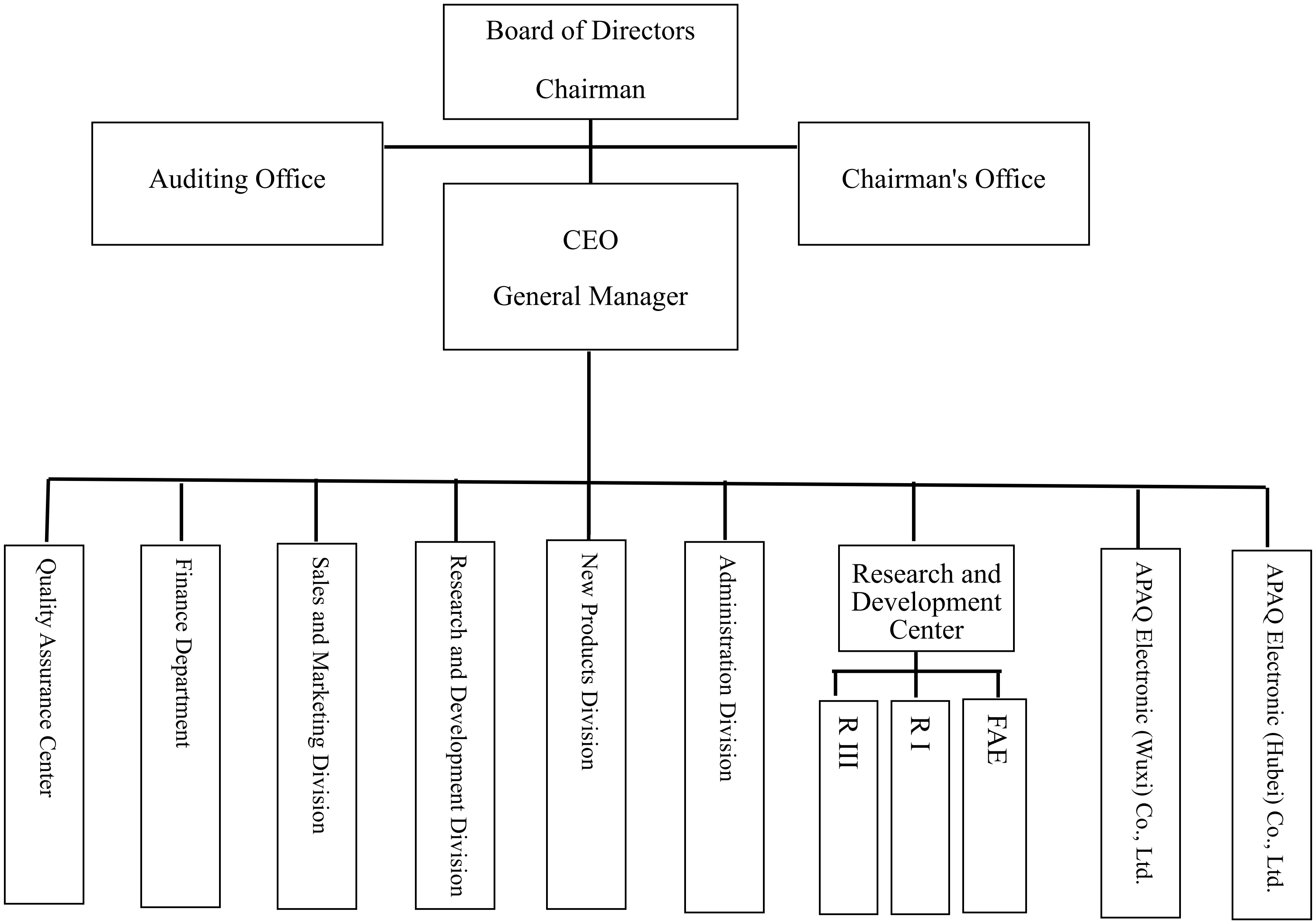
2020 • 23,668 new shares were issued by the conversion of first domestic unsecured convertible bond and paid-up capital was increased to NT$845,247,510.

2021 • 4,428,763 new shares were issued for conversion of the second issuance of domestic unsecured convertible corporate bond, and paid-up capital was increased to NT$889,535,140.

Chapter 3. Corporate Governance Report

I. Organization

1. Organization chart



2. Functions of major departments

Department	Major function
CEO and General Manager	• Comprehensive administration of strategies and policies such as the Company's operating target, business operation and organization management. • Execution of resolution of broad meeting and comprehensive management of the Company's affair.
Auditing Office	• Responsible for audit operations and internal control assessment and implementation of the Company and its subsidiaries, as well as provide suggestions for improvement to promote effective operations.
Quality Assurance Center	• Planning and maintenance of quality system. • Management operation of product quality. • Document control operation. • Verification of product reliability. • Application and management of safety regulation. • Management of Clients' complaint about quality. • Promotion of the Company's quality and image. • Measurement and management of laboratory.
Finance Department	• Capital planning and integration and risk management. • Preparation and analysis of financial statements. • Communication and maintenance of shareholders' equities. • Taxation planning and integration. • Management of capital assets.
Sales and Marketing Division	• Plan, fulfillment, confirmation and achievement of sales goals. • Reaching goals of internal requirements by cooperation between clients and the Company. • Connection, evaluation and management of clients, dealers and distributors. • Planning of business forecast and inventory management. • Reconciliation and management of accounts receivable. • Collection and analysis of information on market status. • Planning of product strategy and market development.
R&D Division and R&D Center	• New product development and technology support. • Fulfillment of R&D project system. • Verification and Confirmation of new materials. • Formulation and revision of material, product and packaging specifications. • Management of intellectual property. • External assistance in promotion of products and the Company's image for marketing division.
New Products Division	• Development, design, and planning of new product.
Administration Division	• Planning and fulfillment of procurement strategy. • Support and management of import & export and overseas business. • Establishment and fulfillment of information and environmental protection, safety and sanitation management system. • Planning, fulfillment and management of relevant operation such as human resource, administration and general affairs.
APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd.	• Formulation and achievement of production quality/costs/target date of delivery. • Production capacity planning and implementation. • Formulation and promotion of corrective and preventive measures and continuous improvement plan. • Development and management of production technology and equipment. • Planning and management of operational environment. • Establishment, maintenance and improvement of plant facilities. • Coordination and management of production, sales and inventory.

II. Information on the Company's Directors, Supervisors, General Managers, Vice General Managers, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

1. Information on directors (I)

April 30, 2021, Unit: share

Title	Nationality/place of registration	Name	Gender	Date of first election	Date elected	Term	Shareholding when elected		Number of shares held currently		Spouse and minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Chairman	Republic of China	Tun-Jen Cheng	Male	2005.12.23	2020.06.17	Three years	2,799,358	3.31	2,799,358	3.15	413,573	0.46	0	0	Ph.D. in Material Science, National Cheng Kung University, Principal researcher of Industrial Technology Research Institute Material Laboratories, Senior R&D Manager of CYNTEC Co., Ltd.	CTO of the Company, Director and CEO of INPAQ Technology Co., Ltd., Supervisor of King Polytechnic Engineering Co., Ltd., Supervisor of Bioptik Technology, Inc., Supervisor of IMAT Corporation, Director of Chin Chia Wang Financial Management Co., Ltd., Director of Chenggong Innovation Management Consulting Co., Ltd., Juristic-person Director Representative of Beike Star Venture Capital Co., Ltd. Juristic-person Director Representative of Phoenix Innovation & Venture Capital Co., Ltd. Juristic-person Director and Representative of Phoenix II Innovation & Venture Capital Co., Ltd. Director of Syntec Technology Co., Ltd., Representative of APAQ	Special Assistant to the Chairman	Fu-Jen Cheng	Brother

Title	Nationality/place of registration	Name	Gender	Date of first election	Date elected	Term	Shareholding when elected		Number of shares held currently		Spouse and minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
																Investment Limited, APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd.			
Directors	Republic of China	Huacheng Venture Capital Co., Ltd.	N/A	2009.06.26	2020.06.17	Three years	10,668,012	12.62	10,668,012	11.99	0	0	0	0	N/A	N/A	None	None	None
	Republic of China	Legal representative: Hsien Yueh Hsu	Male	2014.08.07	2020.06.17	Three years	0	0	0	0	0	0	0	0	EMBA of NCCU	Juristic-person Director Representative of UPI Semiconductor Corp., Director & Co-CEO of ASUS Computer Inc.	None	None	None
Directors	Republic of China	Ching-Feng Lin	Male	2009.06.26	2020.06.17	Three years	1,002,000	1.19	1,002,000	1.13	0	0	0	0	Ph.D. in Chemistry, Iowa State University, Executive Vice General Manager of Yonggang Technology Co., Ltd., Executive vice General Manager of Liton Technology Corp., Ltd.,	CEO of the Company, CRO of the Company, Spokesperson of the Company, General Manager of APAQ Electronic (Wuxi) Co., Ltd., General Manager of APAQ Electronic (Hubei) Co., Ltd., Juristic-person Director Representative of Shiu Li Technology Co., Ltd.	None	None	None
Directors	Republic of China	INPAQ Technology Co., Ltd.	N/A	2006.07.07 (Note 2)	2020.06.17	Three years	4,776,329	5.65	4,776,329	5.37					N/A	N/A	None	None	None
	Republic of China	Legal representative: Ming-Ts'an Tseng	Male	2020.06.17	2020.06.17	Three years	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, Taiwan National University,	General Manager of INPAQ Technology Co., Ltd., Juristic-person Director Representative of Taiwan INPAQ Electronic Co., Ltd., Representative of Canfield Ltd., INPAQ Technology (Hong Kong) Co., Ltd., INPAQ Technology	None	None	None

Title	Nationality/place of registration	Name	Gender	Date of first election	Date elected	Term	Shareholding when elected: Number of shares	Shareholding when elected: Shareholding ratio (%) (Note 1)	Number of shares held currently: Number of shares	Number of shares held currently: Shareholding ratio (%)	Spouse and minor children shareholding: Number of shares	Spouse and minor children shareholding: Shareholding ratio (%)	Shareholding by nominees: Number of shares	Shareholding by nominees: Shareholding ratio (%)	Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship: Title	Executives, directors, or supervisors who are spouses or within the second degree of kinship: Name	Executives, directors, or supervisors who are spouses or within the second degree of kinship: Relation
																(Suzhou) Co., Ltd., INPAQ Technology (China) Co., Ltd., INPAQ Trading (Suzhou) Co., Ltd., INPAQ Trade (Suzhou) Co., Ltd., Hong Kong INPAQ Electronic Co., Ltd.			
Independent Director	Republic of China	Chung-Ming Liu	Male	2020.06.17	2020.06.17	Three years	0	0	0	0	0	0	0	0	Lungmen Executive Program (GE, Crotonville), Stanford Executive Program, Stanford University, Graduate School of Business, MS and Ph.D. in Chemistry, Columbia University, USA, BS in Chemistry, NTHU, President of the Industrial Technology Research Institute	Independent Director of Swancor Holding Co., Ltd.	None	None	None
Independent Director	Republic of China	Shu-Chien Liang	Male	2014.06.12	2020.06.20	Three years	0	0	0	0	0	0	0	0	Ph.D. in Materials Science, University of Pennsylvania, Vice President of Delta Electronics, Inc., Director of INPAQ Technology Co., Ltd., Supervisor of Topoint Technology Co., Ltd., Executive Director and Counselor of PIDA	Counselor of the Industrial Technology Research Institute	None	None	None

Title	Nationality/place of registration	Name	Gender	Date of first election	Date elected	Term	Shareholding when elected		Number of shares held currently		Spouse and minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives, directors, or supervisors who are spouses or within the second degree of kinship		
							Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Independent Director	Republic of China	Chia-Ning Chang	Male	2020.06.17	2020.06.17	Three years	0	0	0	0	0	0	0	0	MBA, National Sun Yat-sen University, BA in Psychology, National Taiwan University, Chief Strategy Officer of Passive System Alliance, Director of HannStar Board International Holdings, Ltd., President of Kamaya Electric Co., Ltd., President of Nitsuko Electronics Corporation, Vice President/Chief Financial Officer of Walsin Technology Corporation, General Manager of ING Bank N.V. Shanghai Branch, Director of ING Baring Group, Vice President of JP Morgan & Co.,	None	None	None	None

Note 1: Shareholding ratio is calculated as per 84,524,751 shares issued when he was elected.
Note 2: Its first term of office was from July 7, 2006, to June 25, 2009, and It did not serve as a juristic-person director of the Company from June 26, 2009, to June 11, 2014.

Table 1: If any of the Directors or Supervisors is an institutional shareholder's representative, the institutional shareholder's name and the names and shareholding ratios of its top 10 shareholders shall be noted.

April 30, 2021

Name of institutional shareholder	Major shareholders of institutional shareholder	%
INPAQ Technology Co., Ltd.	Walsin Technology Corporation	33.03%
	Tai Feng Shou Co., Ltd.	4.93%
	Fubon Life Insurance Co., Ltd.	4.28%
	Nomura Taiwan Superior Equity Fund TWD account	2.57%
	Walton Advanced Engineering, Inc.	1.12%
	Eastspring Investment Export Fund TWD account	1.11%
	Tun-Jen Cheng	1.07%
	Fu Kai Investment Management and Consulting Co., Ltd.	1.04%
	Allianz Global Investments' Taiwan Mega Dam Fund account in trust of Mega International Commercial Bank	0.93%
	Uni-President Assets Management Corp. Quality Growth-I Fund account	0.89%
Huacheng Venture Capital Co., Ltd.	ASUSTek Computer Inc.	100%

Table 2: If any of the top 10 shareholders in Table 1 is an institutional shareholder, the name of the institutional shareholder and the names and shareholding ratios of its top 10 shareholders should be noted.

April 30, 2021

Name of institutional shareholder	Major shareholders of institutional shareholder	%
Walsin Technology Corporation	Walsin Lihwa Corporation	18.30%
	HannStar Board Coorporation	7.49%
	Global Brands Manufacture Ltd.	3.14%
	Walton Advanced Engineering, Inc.	2.75%
	Kim Eng Securities (HK) Limited investment account in trust of Citibank	2.74%
	Yu-Heng Chiao	2.65%
	Nomura Asset Management Taiwan Ltd. investment account with power of attorney from Fubon Life Insurance Co., Ltd.	1.79%
	Winbond Electronics Corporation	1.77%
	Bora Securities Investment Trust Co., Ltd, investment account with the first power of attorney from New Labor Retirement Fund in 2008	1.61%
	Vanguard Emerging Markets Stock Index Fund account n trust of J.P.Morgan Chase Bank	1.44%
Tai Feng Shou Co., Ltd.	Walsin Color Corporation	100%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100%
Walton Advanced Engineering, Inc.	Walsin Lihwa Corporation	21.01%
	Winbond Electronics Corporation	9.60%
	Prosperity Dielectrics Co., Ltd.	6.12%

Name of institutional shareholder	Major shareholders of institutional shareholder	%
	Walsin Technology Corporation	6.11%
	HannStar Board Coorporation	2.83%
	Yun-Hui Shuai	1.72%
	Yu-Heng Chiao	1.59%
	UBS Europe SE investment account in trust of Citibank Taiwan	1.41%
	Luk Fook Securities (HK) Limited investment account in trust of	1.28%
	Capital Securities Corporation	0.97%
	Walsin Color Corporation	
Fu Kai Investment Management and Consulting Co., Ltd.	Hsiu-Chih Cheng	29.74%
	Su-Chuan Chang	10.39%
	Fu-Jen Cheng	10.39%
	Ching-Yun Cheng	9.72%
	Yu-Chieh Cheng	9.72%
	Chiao-Fang Cheng	8.88%
	I-Chen Chiang	8.11%
	Chao-Kai Cheng	7.20%
	Chao-Chi Cheng	5.85%
	Kuei-ying Chuang	0.01%
ASUSTek Computer Inc.	Ch'ung-T'ang Shih	4.05%
	Alliance of Anti-drug Professionals investment account in trust of Cathay United Bank	2.78%
	ASUSTek Computer Inc. depository receipt in trust of Citibank Taiwan Limited	2.77%
	New Labor Retirement Fund	2.19%
	Hilchester International Investors International Value Stock Trust investment account in trust of the Bank of Taiwan	1.87%
	Yuanta Taiwan Dividend Plus ETF account	1.38%
	The Saudi Arabian Monetary Agency investment account in trust of J.P.Morgan Chase Bank	1.32%
	Vanguard Emerging Markets Stock Index Fund account in trust of J.P.Morgan Taiwan	1.30%
	J.P.Morgan Chase & Co. investment account in trust of J.P.Morgan Chase Bank	1.27%
	PGIA Progress International Equity Index account in trust of J.P.Morgan Chase Bank	1.20%

Information on Directors (II)

Qualification / Name	Meets one of the following professional qualifications, with at least five years of work experience			Compliance with Criteria of Independence												Number of other public companies where the individual concurrently serves as an independent director
	Currently serving as an instructor or higher post in a private or public college or university in the field of business, law, finance, accounting, or the business sector of the company	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Work experience necessary for business administration, legal affairs, finance, accounting, or business sector of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Tun-Jen Cheng			✓						✓			✓	✓	✓	✓	0
Huacheng Venture Capital Co., Ltd. Legal representative: Hsien Yueh Hsu			✓	✓		✓	✓		✓	✓	✓	✓	✓	✓		0
Ching-Feng Lin			✓					✓	✓			✓	✓	✓	✓	0
INPAQ Technology Co., Ltd Legal representative: Ming-Ts'an Tseng			✓			✓			✓	✓	✓	✓	✓	✓		0
Chung-Ming Liu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Shu-Chien Liang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chia-Ning Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: For any director or supervisor who fulfills the relevant condition(s) for two fiscal years before being elected to the office or during the term of office, please provide the [√] sign in the field next to the corresponding conditions.✓

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(3) Not a natural person shareholder who holds more than 1% of total issued shares or ranks top ten in shareholding, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the company's director seats or voting shares. (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(7) Not a director, supervisor, or employee of a company where the Chairman, General Manager or person with the equivalent position are held by the same person or by his/her spouse separately. (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(8) Not a (managing)director, (managing)supervisor, officer, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the

Company (Not applicable in cases where companies or institutions hold more than 20% and no more than 50% of total shares issued by the Company, and the person is an independent director of the Company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. However, members of the committee on remuneration, committee on public acquisition review, or special committee on merger and acquisition who perform their functions and powers in accordance with the provisions of the Act or Business Mergers and Acquisitions Act shall not be subject to this provision.

(10) Not a spouse or a relative within the second degree of kinship with any other directors.

(11) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(12) Not a governmental, juridic person or its representative is elected as defined in Article 27 of the Company Act.

2. General Manager, Vice General Managers, Assistant Managers and Managers of Departments and Branches:

April 30, 2021
Unit: Share

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
CEO and CRO	Republic of China	Ching-Feng Lin	Male	2016.01.01	1,002,000	1.13	0	0	0	0	Ph.D. in Chemistry, Iowa State University, Executive Vice General Manager of Yonggang Technology Co., Ltd. Executive Vice General Manager of Liton Technology Co., Ltd.	Juristic-person Director Representative of Shiu Li Technology Co., Ltd. General Manager of APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd.	None	None	None
General Manager	Republic of China	Hsi-Tung Lin	Male	2013.08.14	420,990	0.47	8,422	0.01	0	0	MS in Machinery, Chung Cheng Institute of Technology Vice Chairman of Quality Promotion Committee of Chung-Shan Institute of Science & Technology Head of QA Div. of INPAQ Technology Co., Ltd. General Manager of INPAQ Technology (China) Co., Ltd.	Chairman of IPU Semiconductor Co., Ltd.	None	None	None
Vice General Manager of Sales & Marketing Division	Republic of China	Han-Yuan Lin	Male	2011.11.08	88,163	0.10	210,562	0.24	0	0	MS in Chemical Engineering, National Cheng Kung University IEK Industrial Analyst at the Industrial Technology Research Institute Junior Fellow of the Industrial	None	None	None	None

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
											Technology Research Institute, Biomedical Technology and Device Research Laboratories				
FAE Assistant Manager	Republic of China	Shih-Shan Liu	Male	2018.02.27	58,744	0.07	11,403	0.01	0	0	MS, National Cheng Kong University, Department of Electrical Engineering Fellow of the Industrial Technology Research Institute, Material and Chemical Research Laboratories	None	None	None	None
Head of R&D Division	Republic of China	Ming-Zung Chen	Male	2011.11.08	142,038	0.16	0	0	0	0	MS, NTHU Institute of Materials Senior Engineer of UMC Junior Fellow of the Industrial Technology Research Institute, Material and Chemical Research Laboratories	None	None	None	None
Head of QA Center and New Products Division	Republic of China	Ming-Ku Chien	Male	218.02.27	20,000	0.02	3,000	0	0	0	BS and MS in Materials Science and Engineering, NTHU Junior Fellow of the Industrial Technology Research Institute, Material and Chemical Research Laboratories Project Manager in the General Manager's Office of Hitech Energy Co., Ltd.	None	None	None	None

Title	Nationality	Name	Gender	Date taking office	Shareholding		Spouse & minor shareholding		Shareholding by nominees		Experience (education)	Other position concurrently held at other companies	Managers who are spouses or within the second degree of kinship		
					Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)			Title	Name	Relation
Head of Finance Division	Republic of China	Pei-Ling Li	Female	2012.10.01	116,696	0.13	0	0	0	0	PCCU Accounting Department Associate Manager of the Auditing Department, KPMG Taiwan Associate Manager of the Office of Administration, INPAQ Technology (Suzhou) Co., Ltd. Accounting Manager of INPAQ Technology Co., Ltd.	None	None	None	None
Manager of Auditing Office	Republic of China	Shao-Yug Kuo	Female	2012.10.01	3,000	0	0	0	0	0	Feng Chia University Accounting Department Senior Manager at the Europtronic Electronics Co., Ltd., of the Europtronic Group Manager of the Finance Department, APAQ Electronic (Wuxi) Co., Ltd. Project Manager in the General Manager's Office, APAQ Technology Co., Ltd.	None	None	None	None

III. Remuneration Paid to Directors (including Independent Directors), Supervisors, General Manager, and Vice General Managers in the Most Recent Year

1. **Remuneration for General Directors (Including Independent Directors)**

For the Year 2020

Unit: NTD thousand

Title	Name	Remuneration of Directors								Total amount of A, B, C and D to after-tax net income ratio (%)		Relevant remuneration received by directors who are also employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
		Remuneration (A)		Severance pay and pension (B)		Director Remuneration (C)		Business expense (D)				Salary, Bonus and Special Allowance (E)		Severance pay and pension (F)		Employee's compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman and CTO	Tun-Jen Cheng (Note 1)	0	0	0	0	7,479	7,479	410	410	3.02	3.02	10,534	13,054	216	216	10,500	0	10,500	0	11.14	12.10	None
Directors	Huacheng Venture Capital Co., Ltd.																					
Juristic-person Director Representative	Hsien-Yueh Hsu																					
Director, CEO & CRO	Ching-Feng Lin																					
Director and General Manager	Hsi-Tung Lin (Note 2)																					
Directors	INPAQ Technology Co., Ltd.																					
Juristic-person Director Representative	Ming-Ts'an Tseng																					
Directors	Walsin Technology Corporation (Note 3)																					
Juristic-person Director Representative	Jui-Tsung Chang (Note 3)																					
Independent Director	Shu-Chien Liang																					
Independent Director	Nai-Ming Liu (Note 3)																					
Independent Director	Chung-Ming Liu																					
Independent Director	Chia-Ning Chang																					

Please illustrate the policies, systems, standards, and structure of independent directors' remuneration, as well as the correlation between the remuneration and the responsibilities, risks, and time: According to Article 27 of the Articles of Incorporation, if the Company makes profit in this year, the Board of Directors may allocate no more than 3% of the profit as director and supervisor remuneration. Independent directors do not receive any director remuneration, which is in line with the payment policy of directors and supervisors who do not concurrently serve as employee.

Except as disclosed in the above chart, remuneration to directors received due to the service provided to all companies listed in the financial statement in the most recent year: None

Note 1: Former Juristic-person Director Representative of INPAQ Technology Co., Ltd.. Elected to Director on June 17, 2020.

Note 2: Director term expired upon the election of new directors at the shareholders' meeting on June 17, 2020; thus, report of his status as a director also remunerated as an employee was until June 17, 2020. Current position is the General Manager of the Company.自然

Note 3: Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total Amount of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT$1,000,000	APAQ Technology Co., Ltd., Ming-Ts'an Tseng, Huacheng Venture Capital Co., Ltd., Hsien-Yueh Hsu, Hsi-Tung Lin, Ching-Feng Lin, Walsin Technology Corporation, Jui-Tsung Chang, Chia-Ning Chang, Nai-Ming Liu, Chung-Ming Liu	APAQ Technology Co., Ltd., Ming-Ts'an Tseng, Huacheng Venture Capital Co., Ltd., Hsien-Yueh Hsu, Hsi-Tung Lin, Ching-Feng Lin, Walsin Technology Corporation, Jui-Tsung Chang, Chia-Ning Chang, Nai-Ming Liu, Chung-Ming Liu	APAQ Technology Co., Ltd., Ming-Ts'an Tseng, Huacheng Venture Capital Co., Ltd., Hsien-Yueh Hsu, Walsin Technology Corporation, Jui-Tsung Chang, Chia-Ning Chang, Nai-Ming Liu, Chung-Ming Liu	APAQ Technology Co., Ltd., Ming-Ts'an Tseng, Huacheng Venture Capital Co., Ltd., Hsien-Yueh Hsu, Walsin Technology Corporation, Jui-Tsung Chang, Chia-Ning Chang, Nai-Ming Liu, Chung-Ming Liu
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Tun-Jen Cheng, Shu-Chien Liang	Tun-Jen Cheng, Shu-Chien Liang	Shu-Chien Liang	Shu-Chien Liang
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	-	-	Tun-Jen Cheng, Hsi-Tung Lin, Ching-Feng Lin	Tun-Jen Cheng, Hsi-Tung Lin, Ching-Feng Lin
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Number of directors	13 (3 juristic persons)	13 (3 juristic persons)	13 (3 juristic persons)	13 (3 juristic persons)

2. Remuneration for Supervisors

For the Year 2020
Unit: NTD thousand

Title	Name (Note)	Remuneration for Supervisor						Proportion of NIAT after summing up the three items of A, B, and C		Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
		Remuneration (A)		Compensation (B)		Business expense (C)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
Supervisor	Chang-Chia Wu	0	0	912	912	60	60	0.37	0.37	None
Supervisor	Chin-Chang Yang									
Supervisor	Fu-Tsan Tsai									

Note: Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020. The Auditing Committee has replaced the representatives in relevant roles.

Range of Remuneration

Range of Remuneration Paid to Supervisors	Name of Supervisors	
	Total Remuneration (A+B+C)	
	The Company	Companies in the consolidated financial statements
Less than NT$1,000,000	Chang-Chia Wu, Chin-Chang Yang, Fu-Tsan Tsai	Chang-Chia Wu, Chin-Chang Yang, Fu-Tsan Tsai
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Number of supervisors	3	3

3. Remuneration of General Manager and Vice General Manager

For the Year 2020
Unit: NTD thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonus and allowance (C)		Employee's compensation (D)				Proportion of NIAT after summing up the four items of A, B, C, and D (%)		Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO and CRO	Ching-Feng Lin	5,558	7,979	358	358	7,700	7,700	9,000	0	9,000	0	8.64	9.57	None
General Manager	Hsi-Tung Lin													
Vice General Manager of Sales & Marketing Division	Han-Yuan Lin													
Vice General Manager of Administration Division	Fu-Jen Cheng (Note)													

Note: Former General Manager of the Administration Division whose reassignment was approved by the Board of Directors on November 5, 2020, and is no longer in that office; thus report of his remuneration status as a vice general manager was until November 5, 2020.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Vice General Manager	Name of General Manager or Vice General Manager	
	The Company	Companies in the consolidated financial statements
Less than NT$1,000,000		
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Fu-Jen Cheng	Fu-Jen Cheng
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)		
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Ching-Feng Lin, Hsi-Tung Lin, Han-Yuan Lin	Ching-Feng Lin, Hsi-Tung Lin, Han-Yuan Lin
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)		
Over NT$100,000,000		
Number of directors	4	4

4. Amount of Employee Bonus Paid to Managerial Officers and Their Names

For the Year 2020

Unit: NTD thousand

	Title	Name	Stock amount	Cash amount	Number of directors	Ratio of total amount to NIAT (%)
Managerial officer	CEO and CRO	Ching-Feng Lin	0	15,600	15,600	5.96
	General Manager	Hsi-Tung Lin				
	Vice General Manager of Sales & Marketing Division	Han-Yuan Lin				
	Vice General Manager of Administration Division	Fu-Jen Cheng (Note)				
	CTO	Tun-Jen Cheng				
	FAE Assistant Manager	Shih-Shan Liu				
	Head of R&D Division	Ming-Zung Chen				
	Head of QA Center and New Products Division	Ming-Ku Chien				
	Head of Finance Division	Pei-Ling Li				

Note: Former General Manager of the Administration Division whose reassignment was approved by the Board of Directors on November 5, 2020, and is no longer a managerial officer; thus report of his remuneration status as a vice general manager was until November 5, 2020.

5. The ratio of total compensation paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, Supervisors, General Managers and Vice General Managers of the Company, to the net income, and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining compensation, and the correlation with risks and business performance:

(1) Analysis on proportion of compensation paid to Directors, Supervisors, General Managers and Vice General Managers by the Company and all companies in the consolidated financial statements to net income after tax in the two most recent years

Year	Ratio of total remuneration to NIAT (%)			
	2019		2020	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Directors	13.02%	14.14%	11.14%	12.10%
Supervisor	0.90%	0.90%	0.37%	0.37%
General Managers and Vice General Managers	11.31%	13.17%	8.64%	9.57%

(2) Policies, standards, and portfolios of compensation payments; procedures for determining remuneration and correlation of remuneration with business performance and future risks

The proportion of remuneration distributed to the Directors and managers of the Company is in accordance with Article 27 of Articles of Incorporation and the Board of Directors has resolved to set aside no less than 8% of the profit for the year as employee's compensation and no more than 3% as Directors and Supervisors' remuneration. To regularly assess the remuneration of Directors and managers, personal performance and engagement in the Company's operations shall be considered for allocating Director and manager remunerations. Other factors to be considered when calculating reasonable remunerations include: any negative impact resulting in the Company's loss caused by the Director or managers, internal mismanagement, goal achievement rate, profit rate, operational performance, degree of contribution. Evaluation shall be carried out on the Director and manager remuneration system depending on the actual operating status and relevant regulations

IV. Implementation of Corporate Governance

(I) Board of Directors

The Board of Directors held six (A) meetings (two in the 6th Board and four in the 7th Board) in the most recent year. The attendance of Directors was as follows:

Title	Name	Actual Attendance (Presence) in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (Presence) in Person (%) (B/A) (Note)	Remarks
Chairman	Tun-Jen Cheng	6	0	100%	Former representative of the juristic-person Director, INPAQ Technology Co., Ltd., of the 6th Board of Directors and was himself elected to Director at the shareholders' meeting on June 17, 2020.
Directors	Huacheng Venture Capital Co., Ltd. Representative: Hsien-Yueh Hsu	6	0	100%	
Directors	Hsi-Tung Lin	2	0	100%	Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.
Directors	Ching-Feng Lin	6	0	100%	
Directors	INPAQ Technology Co., Ltd. Representative: Ming-Tsan Tseng	4	0	100%	
Directors	Walsin Technology Corporation Representative: Jui-Tsung Chang	2	0	100%	Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.
Independent Director	Shu-Chien Liang	6	0	100%	
Independent Director	Nai-Ming Liu	2	0	100%	Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.
Independent Director	Chung-Ming Liu	4	0	100%	Elected to Independent Director at the shareholders' meeting on June 17, 2020.
Independent Director	Chia-Ning Chang	4	0	100%	

Other matters:

I. Where the proceedings of the Board meeting include one of the following circumstances, describe the date, session, topics discussed, opinions of every independent director, and the responses from the Company:

(I) Items listed in Article 14-3 of the Securities and Exchange Act.

Meeting date/session	Proposals	All Independent	The Company's	Resolution

		Directors' opinions	handling of independent directors' opinions	
2020.03.24 The 13th session of the 6th Board of Directors	1. Discussion on amendments to the Operational Procedures for Lending Funds to Other Parties. 2. Discussion on amendments to the Procedures for Endorsement and Guarantee	All independent directors have no objection or reservation.	N/A	Resolution approved.
2020.05.06 The 14th session of the 6th Board of Directors	1. Discussion on remuneration of director and supervisors and bonus to manager and employees in 2019. 2. Discussion on capital increase for APAQ Electronic (Hubei) Co., Ltd.			
2020.08.04 The 2nd session of the 7th Board of Directors	1. Review and discussion on the policies, systems, standards, and structures of the performance evaluation and compensation of director managerial officers. 2. Discussion on the Company's system of internal control. 3. Discussion on capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 4. Discussion on endorsement and guarantee for the subsidiaries APAQ Wuxi and APAQ Hubei.			
2020.11.05 The 4th session of the 7th Board of Directors	Discussion on remuneration of the CPAs for their services to the Company in 2019			

(II) Other resolutions of the Board, which the independent director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

II. Recusal of Directors due to conflict of interests (the name of the Directors, the content of the proposals, reasons for recusal, and participation in voting shall be stated):

(I) Directors Tun-Jen Tseng, Ching-Feng Lin and Hsi-Tung Lin, due to the conflict of interest, were recused from discussion and resolution at the Board Meeting on May 6, 2020, concerning remunerations for the directors, supervisors, and employees. The resolution passed unanimously upon a vote cast by the chairperson of the Directors present.

(II) Due to his stake in the remuneration for the Chairman of the Board of Directors, based on conflict of interest Chairman Tun-Jen Cheng was recused from discussion and resolution at the Board's review and discussion on the policies, systems, standards, and structures of the performance evaluation and compensation of directors and managerial officers on August 4, 2020. The motion passed unanimously upon a vote casted by the presiding officer of the Directors present.

III. The evaluation cycle, period, scope, method, and content of the Board of Directors' self-evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation contents
Annually	2020.1.1~2020.12.31	Board of directors and individual directors	Internal self-evaluation for the Board of Directors	Participate in the operation of the Company, improve the decision-making quality of the board of directors, the composition and structure of the board of directors, the selection and appointment of the board of directors, continuous learning, and internal control.

IV. The goal of enhancing the functions of the Board of Directors (e.g., through establishment of an audit committee and promotion of information transparency) for the current and the most recent year and evaluation of the progress: The Company has established an Audit Committee pursuant to the regulations of the competent authority.

(II) Operation of the Audit Committee or Supervisors' participation in the proceedings of Board meetings:

1. Operation of the Audit Committee.

In the most recent year the Audit Committee has convened two (A) times in which the Independent Directors' attendance is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Personal Attendance Rate (%) (B / A) (Note)	Remarks
Independent Director	Chung-Ming Liu	2	0	100%	
Independent Director	Shu-Chien Liang	2	0	100%	
Independent Director	Chia-Ning Chang	2	0	100%	

Other matters:

I. Where the proceedings of the Audit Committee involve one of the following circumstances, the date, session, proposals discussed, and resolutions reached by the Audit Committee and the Company's response to the Audit Committee decisions shall be described:

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Meeting date/session None	Proposals	Audit Committee Resolution	The Company's Response
2020.08.04 The 1st session of the 1st Audit Committee	1. Proposal for the amendment to the Company's system of internal control . 2. Proposal for the capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 3. Proposal for the endorsements/guarantees for the subsidiaries APAQ Wuxi and APAQ Hubei.	Proposals approved without objection or abstention by the Audit Committee members.	N/A
2020.11.05 The 2nd session of the 1st Audit Committee	1. Proposal for the remuneration of the CPAs for their services to the Company in 2020.		

(II) Except those described in the above, any other proposals which were not approved by the Audit Committee, but were approved by resolution of two-thirds of the Directors: None.

II. Recusal of Independent Directors due to conflict of interests and the name of the Independent Directors, the natures of the proposals, the reasons for recusal, and the participation in votes related to said recusals: Due to their stake in the areas of the remuneration of independent directors and functional committee members, based on conflict of interests Independent Directors Chung-Ming Liu, Shu-Chien Liang, and Chia-Ning Chang were recused from discussion and resolution at the Board of Directors' review and discussion on the policies, systems, standards, and structures of the performance evaluation and compensation of directors and managerial officers on August 4, 2020. The motion passed unanimously upon a vote casted by the presiding officer of the Directors present. 2. Directors Tun-Jen Tseng, Ching-Feng Lin and Hsi-Tung Lin, due to the conflict of interest, were recused from discussion and resolution at the Board Meeting on May 8, 2020, concerning remunerations for the directors, supervisors, and employees. The resolution passed unanimously upon a vote casted by the chairperson of the Directors present.

III. Communications between the Independent Directors, the Company's internal audit supervisor, and the CPAs (to include all important topics and the modes and outcome of communications in the Company's financial or business operations):

1. Independent Directors of the Company may investigate the business or financial status of the Company at any time, request the Board of Directors or managerial officers to submit reports, and, if necessary, communicate with the CPAs to follow up; the internal audit supervisor shall regularly submit audit reports to the Independent Directors.
2. According to the Company's internal audit procedures and the rules of procedure of the Board of Directors, the auditing supervisor reports internal auditing matters regularly to the Audit Committee and the Board of Directors and, in case of a serious infraction or when it appears that the Company might incur significant losses, shall immediately prepare and submit a report on, and notify the Independent Directors of, the matter.

3. The internal auditing report and any improvements made on errors or anomalies in internal control will be communicated by the Company to, and remedies therefor discussed with, the unit(s) being audited. The auditing reports will be submitted periodically, and the follow-up reports quarterly thereafter, for review by the Independent Directors.

2. Supervisors' participation in the proceedings of Board meetings:

The Board of Directors held 6 (A) meetings in the most recent year, and the attendance of the Supervisors are as follows:

Title	Name	Actual Attendance in Person (B)	Percentage of Actual Attendance in Person (%) (B/A)	Remarks
Supervisor	Chang-Chia Wu	2	100%	Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020. The Auditing Committee has replaced the representatives in relevant roles.
Supervisor	Chin-Chang Yang	2	100%	
Supervisor	Fu-Tsan Tsai	2	100%	

Other matters:

I Composition and responsibilities of Supervisors:

(I) Communication of supervisors with employees and shareholders (e.g. communication channel and method): Supervisors may have direct communication with employees and shareholders when necessary.

(II) Communication between the independent directors and the internal audit supervisor or CPAs (e.g. the items, methods and results of communication concerning the Company's finance and business):

1. Supervisors of the Company may investigate the corporate business and financial status at any time, ask the Board of Directors or managers for reports, and even contact with accountants when necessary; heads of internal audit should submit audit report to supervisors regularly.
2. According to internal audit system and discussion rules of the Board of Directors of the Company, the audit head would report internal auditing business to directors and supervisors on Board meetings regularly. Also, when material violation or major damages to the Company appears, report shall be made and submitted immediately, and supervisors shall be notified.
3. The Company would discuss the internal auditing report and improvement situation of internal control deficiencies together with investigated institutions on the settlement meeting for improvement measures. Also, auditing reports and tracking reports that are submitted for approval quarterly would be regularly submitted to the supervisor for review.

II. If the supervisors stated opinions while attending the board meetings, the date and term of the meeting, the contents of the proposals discussed and resolutions passed in the meeting and the Company’s actions in response to the opinions of the supervisors shall be provided: No such occurrences.

(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established Corporate Governance Best-Practice Principles which aims at protecting the shareholders' equities, enhancing functions of the Board of Directors, respecting stakeholders' equities, and improving information transparency. Please refer to the Company's official website for the Corporate Governance Best-Practice Principles.	No material difference
II. Shareholding structure & shareholders' equities				
(I) Has the Company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and does the Company implement the procedures in accordance with the procedure?	V		(I) The Company has formulated regulations on operation of shareholders' business committee, which is processed by professional agencies. At the same time, relevant matters are handled by dedicated personnel.	No material difference
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company possesses a list of shareholders to get on hand its major shareholders with substantial controlling power and the list of ultimate controllers.	No material difference
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) Reinvestment of the Company is processed according to Regulations on Related Party Transaction, Internal Control System, Internal Auditing System, and relevant regulations.	No material difference
(IV) Has the Company established internal rules against insiders using undisclosed information to trade with?	V		(IV) The Company has formulated Regulations on Prevention from Insider Trading and advocated relevant matters to insider personnel.	No material difference
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board developed, and does it implement, a diversity policy for the composition of its members?	V		(I) The Company stipulates to a policy of diversification in the Corporate Governance Best-Practice Principles, which are disclosed on the company website and MOPS. For the Company's future development, professional background is the guideline of the Company. It is stipulated that the number of directors with marketing and technology background shall reach 25% of the total Board. In the current term of the Board of Directors, seven directors have expertise in marketing or technology, and the goal achievement rate is 100%. Directors Tun-Jen Cheng, Hsien-Yueh Hsu, Ching-Feng Lin, and Ming-Tsan Tseng and Independent Directors Chung-Ming Liu, Shu-Chien Liang, and Chia-Ning Chang are from various industries and possess professional background in marketing and technology. Independent directors account for 42.86% of the Board. Their terms of office are seven years for one independent	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			director and one year each for the other two. Three directors are 50 to 60 years old, three directors are 60 to 70 years old, and one director is 70 to 80 years old. The Board of the Directors of the Company fully fulfills the diversification requirements in terms of qualification, values, professionalism, and skills.	
(II) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?		V	(II) The Company has established by law a Remuneration Committee and an Audit Committee. The establishment of committees performing other functions will be evaluated as necessary in the future.	It will be reevaluated as per the Company's demands in the future.
(III) Has the Company formulated the performance evaluation methods for the Board of Directors, conduct performance evaluations annually and regularly, and report the results of the performance evaluations to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has procedures in place for evaluating the performance of the Board of Directors. The evaluations are performed annually according to the methods prescribed in the aforementioned procedures. Evaluation of the performance of the Board of Directors and the independent directors for the year 2020 has been concluded, and the performance report has been submitted to the Board on February 25, 2021. Please access the Company's website for relevant information.	No material difference
(IV) Does the Company regularly implement assessments on the independence of CPA?	V		(IV) CPAs entrusted by the Company are not directors, supervisors, managers, employees or shareholders of the Company or its affiliates, who are confirmed as non-stakeholders, conforming to the regulation of independent judgement by authorities (please refer to Note 2 for Evaluation Table of CPAs' Independence). The Company regularly evaluates the independence of CPA once a year, which is carried out by the Board of Directors after the declaration of independence from CPAs is obtained. The evaluation for the most recent two years was conducted on May 6, 2020, and May 6, 2020, respectively, and has concluded.	No material difference
IV. Has the Company appointed competent and appropriate number of personnel responsible for corporate governance matters, and delegated the Company's corporate governance supervisors to be in charge of such matters (including but not limited to providing information for directors and supervisors to perform their functions, handling matters related to Board meetings and shareholders' meetings according to the law, handling company registration and changes to company registration, and producing minutes of the Board meetings and shareholders' meetings)?	V		The Board of Directors resolved in the meeting on May 6, 2020, to establish an appropriate principal of corporate governance who has over three years of experience as financial managers in the public companies, pursuant to the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, to protect shareholder interests and strengthen the functions of the Board of Directors. The main responsibilities of the corporate governance supervisor are to handle matters related to the Board of Directors and shareholders' meeting according to law, make minutes of the Board meetings and shareholders' meeting, assist directors and supervisors in taking up their posts and continuing education, provide data necessary for directors and supervisors to carry out their	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			business, and assist directors and supervisors in complying with laws and regulations. Business operations in 2020 are as follows: 1. Providing the necessary data for each director to perform his/her duties. 2. Providing the latest legal developments related to each director's operation of the Company to assist directors in complying with the laws and regulations. 3. Developing and planning an appropriate corporate system and organizational structure to promote Board independence, corporate transparency and compliance with laws and regulations. 4. Consulting opinions of all directors before the board meeting to plan and draw up the agenda, and notifying all directors at least 7 days in priority to attend the meeting and providing sufficient meeting data to facilitate the directors to understand the contents of relevant proposals. The minutes of the Board meetings were completed within 20 days after the meeting. 5. Registering dates for shareholders' meetings every year in accordance with the deadline prescribed in regulations; producing and filing meeting notices, proceedings manual, and meeting minutes within the statutory period. 6. Improving the information related to corporate governance according to the evaluation guidelines of the corporate governance evaluation system. The Company's CFO is currently acting CEO and has had 18 hours of continuing education training as per requirements..	
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Has a stakeholders' section been established on the Company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the Company?	V		The Company has established a special section for related parties on the Company's website, and all related parties can communicate with each other through the channels disclosed on the website when necessary.	No material difference
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The agency of the Company's stock affairs is Stock Affairs Department, Grand Fortune Securities Co., Ltd.	No material difference
VII. Information disclosure (I) Has the Company established a website to disclose	V		(I) The Company has established a website to disclose information on financial	No material difference

Evaluation item	Implementation Status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
information on financial operations and corporate governance?			operations and corporate governance.	
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)? (III) Does the Company publish and report its annual financial statements within two months after the end of a fiscal year, and publish and report its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V V		(II) 1. The Company has established a spokesperson system in accordance with regulations. Spokesmen and acting spokesmen are fully responsible for external communication and establish internal major information processing procedures. 2. The content of the Company website includes information such as products, company profiles, company's financial business, corporate governance, corporate social responsibility, and law-speaking meeting, etc. It also has an English website and has special personnel to update relevant data on a regular basis. (III) Since the first quarter of 2020, the Company has been announcing the filing of its financial statements at least seven days before the prescribed time limit, and the filing of the 2020 annual financial statements were announced two months before the end of the fiscal year to facilitate the investors obtaining sufficient information in a timely manner.	No material difference No material difference
VIII. Is there any other important information to facilitate a better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors’ and supervisors’ training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		(I) Employee equities and employee care: The Company has established and disclosed working rules that comply with relevant laws and regulations. At the same time, the Company has set up an internal website to promote information of the Company, facilitate opinion communications of colleagues and enhance the centripetal force and cohesion of employees to the enterprise organization. In addition, the Company has established a welfare committee, which is responsible for all staff welfare matters. (II) Rights of investor relations, supplier relations and stakeholders: Based on the concept of coexistence and common prosperity, the Company has maintained a long-term and good interactive and cooperative relationship with investors, suppliers and various stakeholders, and has provided effective communication channels and information transmission to maintain long-term cooperation and economic operation mode as its development direction. (III) Information on further education of directors and supervisors: See Note 3 for details. (IV) Implementation of risk management policies and measurement standard: The Company has established various risk management policies and conducted	No material difference

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>various risk management and assessment in accordance with regulations.
(V) Implementation of customer policies: The Company maintains a stable and good relationship with its customers in order to make profits.
(VI) The Company's purchase of liability insurance for directors and supervisors: The Company purchases liability insurance for directors and supervisors every year with an amount of US$5 million.</td><td></td></tr>
<tr><td colspan="5">IX. Describe improvements made according to the corporate governance assessment in the latest fiscal year by the Corporate Governance Center of the Taiwan Stock Exchange Corporation (TWSE), and provide priority improvements and measures to be taken for improvements that have yet to be carried out.
Improvements made:
(1) The Company has filed its 2020 annual financial statements as of February 25, 2021.
(2) The Company has been releasing important news in real time beginning 2021.
Priorities for improvements and implementations:
(1) The Company plans to hold institutional investor conferences twice in a year beginning 20201.
(2) The Company will disclose on its website the annual business highlights and operational reviews of the Audit Committee.
(3) The Company will upload the English version of its annual financial statements 16 days before the 2021 shareholders' meeting..</td></tr>
</table>

Note 1: Regardless of whether the operations column was filled in yes or no, the Company shall state an appropriate explanation in the summary column.

Note 2:

Evaluation items for CPA independence	Evaluation results	Meet independence criteria
Not a person who holds regular jobs at APAQ Technology Co., Ltd. and its subsidiaries, receives fixed salary, or serves as a director or supervisor.	Yes	Yes
Not a director, supervisor, manager of APAQ Technology Co., Ltd. and its subsidiaries, nor an employee with material influence on the certification case, who has resigned for less than two years.	Yes	Yes
Not a principal or manager of APAQ Technology Co., Ltd. and its subsidiaries who are spouse, lineal relative, lineal affinity, or collateral consanguinity within the second degree of kinship thereof.	Yes	Yes
The person or his/her spouse, minor children have no relationship of investment or sharing financial interests with APAQ Technology Co., Ltd. and its subsidiaries.	Yes	Yes
The person or his/her spouse, minor children have no capital loan with APAQ Technology Co., Ltd. and its subsidiaries.	Yes	Yes
Executive management consulting or other certification businesses do not affect independence.	Yes	Yes
Complying with the competent authority's regulations governing the rotation of accountants, conducting accounting affairs on behalf of other parties, or any other regulations that may affect the independence.	Yes	Yes

Note 3: Continuing education of Directors and Supervisors:

Title	Name	Organizer	Course title	Hours of courses
Chairman	Tun-Jen Cheng	Taiwan Corporate Governance Association	Protection of Trade Secrets 2.0	3
		Taiwan Institute of Directors	Synergy Management Upon Merger and Challenges in Digital Transformation under Industry 4.0	3
		Securities and Futures Institute	Key Points of Securities Trading Law and Analysis of Major Illegal Cases That Internal Auditors Should Know Standards of the Securities and Exchange Laws A Corporate Director Must Know with Analyses of Recent Cases	3
		Securities and Futures Institute	Key Issues in Finance and Taxation in 2020	3
		Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
Directors	Hsien-Yueh Hsu	Taiwan Corporate Governance Association	Trends in Global Investment and Market Practices	3
		Taiwan Corporate Governance Association	Whistleblower Protection and Good Corporate Governance	3
		Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
Directors	Ching-Feng Lin	Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
Directors	Ming-Ts'an Tseng	Taiwan Association of Board Governance	The Second Board of Directors Governance Performance Forum	3
		Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
Independent Director	Chung-Ming Liu	Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
		Taiwan Corporate Governance Association	The Roles of the Directors and Supervisors in Corporate Risk Management and Crisis Management	3
		Taiwan Corporate Governance Association	Human Resources Strategies with Mergers and Acquisitions from the Perspectives of Directors and Supervisors	3
Independent Director	Shu-Chien Liang	Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3
Independent Director	Chia-Ning Chang	Taiwan Institute of Directors	Rules of Thumb in Complying with Taiwan's Fair Trade Act in Conjunction with the International Antitrust Laws	3

(IV) When the Company has a compensation committee, its composition, duties, and implementation status shall be disclosed:

The Company's Remuneration Committee is responsible for setting and regularly reviewing the policies, systems, standards and structures of directors, supervisors and managers' performance evaluation and remuneration, regularly evaluating and setting the remuneration of directors, supervisors and managers, and properly combining with the Company's operating performance and goals to attract high-quality talents and enhance the competitiveness of the enterprise.

(1) Information of the members of the Remuneration Committee

Title	Qualification / Name	Meets one of the following professional qualifications, with at least five years of work experience			Meeting the Status of Independence (Note 1)										Number of other public companies where the individual concurrently serves as remuneration committee member	Remarks (Note 2)
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chung-Ming Liu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Shu-Chien Liang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Chia-Ning Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: For any committee member who fulfills the relevant condition(s) two years before being elected or during the term of office, please provide the "√" mark in the field next to the corresponding condition(s).✓

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(3) Not a natural person shareholder who holds more than 1% of total issued shares or ranks top ten in shareholding, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among top five in shareholdings, or that designates its representatives to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the company's director seats or voting shares. (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(7) Not a director, supervisor, or employee of a company where the Chairman, General Manager or person with the equivalent position are held by the same person or by his/her spouse separately. (Not applicable in cases where the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(8) Not a (managing)director, (managing)supervisor, officer, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company (Not applicable in cases where companies or institutions hold more than 20% and no more than 50% of total shares issued by the Company, and the person is an independent director of the company, its parent company, subsidiary, or any subsidiary owned by the same parent company as appointed in accordance with the Act or with the laws of the country).

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. However, members of the committee on remuneration, committee on public acquisition review, or special committee on merger and acquisition who perform their functions and powers in accordance with the provisions of the Act or Business Mergers and Acquisitions Act shall not be subject to this provision.

(10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

Note 2: Provided that this restriction does not apply to any member of the compensation committee who exercises powers pursuant to Paragraph 5, Article 6 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM": None.

(2) Operations of Remuneration Committee

I. The Company's Remuneration Committee composes of 3 members.

II. Duration of the current term of service: June 17, 2020 to June 16, 2023. Two (A) Remuneration Committee meetings were held in the past year. The qualification of members and attendance are shown below:

Title	Name	Actual Attendance in Person (B)	Attendance by Proxy	Percentage of Actual Attendance in Person (%) (B/A) (Note)	Remarks
Convener	Chung-Ming Liu	2	0	100%	Appointed by the Board of Directors to the convener and member of the Remuneration Committee on June 17, 2020.
Member	Shu-Chien Liang	2	0	100%	Appointed by the Board of Directors to a member of the Remuneration Committee on June 17, 2020.
Member	Chia-Ning Chang	2	0	100%	
Convener	Nai-Ming Liu	1	0	100%	Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.
Member	Ming-Yen Shieh	0	1	0%	

Note: Calculated based on the ratio of actual versus required number of attendance during the director's term.

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., if the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified: None.

II. If there is any member who opposes or has reservations to the resolution of the Remuneration Committee and there is a record or a written statement for it, that record or statement should contain the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and opinions of all members and the follow-up treatments: None.

(V) Implementation Status of Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>V</td><td></td><td>The Company conducts risk assessment based on the principle of materiality of corporate social responsibility. Relevant risk management policies and strategies are promulgated after the assessment:
<table>
<tr><th>Material Issue</th><th>Assessment item</th><th>Policy or strategy</th></tr>
<tr><td>Corporate Governance</td><td>Socioeconomic status and legal compliance</td><td>We ensure all the personnel and their operations in line with the relevant laws and regulations by establishing and implementing the mechanism of corporate governance and internal control system.</td></tr>
</table></td><td>No material difference</td></tr>
<tr><td>II. Does the Company establish an exclusively (or part-time) dedicated unit for promoting Corporate Social Responsibility? Is the unit authorized by the Board of Directors to implement CSR activities at the executive level? Does the unit report the progress of such activities to the Board of Directors?</td><td>V</td><td></td><td>The Company has formulated a Corporate Social Responsibility Best Practice Principles, and has assigned the Finance Department as the part-time division for promoting corporate social responsibility.</td><td>No material difference</td></tr>
<tr><td>III. Environmental Issues
(I) Does the Company establish a suitable environmental management system based on its industrial characteristics?</td><td>V</td><td></td><td>(I) The Company has built a complete environment management system based on its industrial characteristics and operating demands and has obtained ISO14001 (the duration of validity: September 2, 2021) and QC080000 (the duration of validity: March 29, 2021) certification.</td><td>No material difference</td></tr>
<tr><td>(II) Is the Company committed to improving the efficiency of utilizing various resources and using recycled materials with low impacts on the environment?</td><td>V</td><td></td><td>(II) The Company is committed to improving resource efficiency within a reasonable range, such as recycling reusable waste paper, using LED lights and turning off the lights in the office during lunch break to save electricity and reduce the impact on the environment.</td><td>No material difference</td></tr>
</table>

Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Has the Company assessed the present and future potential risks and opportunities of climate change for the entity, and taken measures to respond to climate-related issues?	V		(III) Climate change may cause changes to production environment, which may lead to potential risks. Countermeasures have been strictly imposed.	No material difference
(IV) Has the Company calculated its GHG emissions, water consumption and total waste weight in the past two years, and formulated policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V		(IV) To achieve the goal of energy conservation and carbon reduction, the Company undertakes temperature control of air conditioners in summer to effectively utilize energy.	No material difference
IV. Social Issues				
(I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties?	V		(I) The Company follows relevant laws and regulations and has established relevant management policies and procedures, including Corporate Social Responsibility Best Practice Principles, Rules for Staff Work, Measures for Prevention and Control of Sexual Harassment in the Workplace, Social Responsibility Policy and Commitment, Procedures for Management and Protection of Child and Juvenile Workers, Procedures for Management of Freedom of Association and Collective Bargaining Rights, etc.	No material difference
(II) Does the Company formulate and implement reasonable employee benefits measures (including compensation, days-off, and other benefits, etc.), and appropriately link the operating performance or results to employee compensation?	V		(II) The Company has formulated employee working rules and relevant personnel management rules, which cover the basic salary, working hours, vacations, pension benefits, labor and health insurance benefits, occupational disaster compensation, etc. for the employees employed by the company, which all conform to relevant provisions of the labor standards law. A staff welfare committee is established by-election of employees, which handles various welfare matters; the Company's remuneration policy is based on personal ability, contribution to the company and performance, which is positively correlated to operating performance.	No material difference

Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		(III) 1. Employees are required to take protective measures according to the requirements of the working environment to ensure the personal safety of employees. 2. The Company has fire prevention facilities and escape doors, and holds a fire education drill every six months to familiarize employees with firefighting equipment and improve their emergency response ability, to ensure the personal safety of employees. 3. Staff health check-ups are held every year to assist staff in personal health management. 4. Air-conditioning equipment is cleaned regularly every year and garbage sorting is carried out to ensure the quality of working environment. 5. 24-hour security equipment is provided to ensure a safe working environment.	No material difference
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) The Company provides effective professional education and training channels according to the needs of employees and the Company's business to cultivate their functions and career development ability.	No material difference
(V) Has the Company complied with relevant laws and regulations and international standards for its products and services respecting customer health and safety, customer privacy, marketing, and labeling, and formulated relevant consumer protection policies and grievance procedures?	V		(V) The Company has formulated Procedures of Customer Service Control and Quality Policies and Quality Goals to ensure that products and services satisfy customer requirements.	No material difference
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? And, how well are those policies implemented?	V		(VI) The Company has formulated a Supplier Control Procedure to enable suppliers to continuously and timely provide products that meet the Company's quality/environmental protection requirements and HSF requirements for hazardous substance exemption, including products that are produced by suppliers under requirements of social responsibility.	No material difference

Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social Responsibility report to disclose non-financial information of the company? Has the Company received assurance or certification of the aforesaid reports from a third-party accreditation institution?		V	The Company has not prepared reports such as its Corporate Social Responsibility report to disclose non-financial information of the company.	In the future, it will be compiled according to the development needs of the company.
VI. If the Company has established its Corporate Social Responsibility Practice Principles according to Corporate Social Responsibility Practice Principles for TWSE/TPEx Listed Companies, please describe the operational status and any deviations: The Company has established a set of Corporate Social Responsibility Practice Principles, and no material deviation is found between current practices and the Principles.				
VII. Other important information that assists in the understanding of the Company's operations related to corporate social responsibilities: The Company has established internal policies and procedures, to wit, the Employees Handbook, the Job Norms, the Procedures on the Prevention of Sexual Harassment at Work, the Guidelines on Advancement and Promotion, and the Employee Housing Assistance Program, to declare unequivocally its intention to protect the employees' rights regarding age, gender, work hours, holidays, and business trips and to ensure the employees are taken care of. In addition, nurses visit work sites regularly (once a week) to provide employee with health care consultations. The Company also strives to provide a gender neutral, diversified and inclusive working space and environment in which the female employees can feel comfortable to apply their true potentials.				

(VI) Ethical Corporate Management Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Establishment of Ethical Corporate Management policies and programs (I) Does the Company formulate its ethical corporate management policies that have been approved by the Board of Directors? Has the Company declared its ethical corporate management policies and procedures in its guidelines and external documents, and does the Board of Directors and management work proactively to implement their commitment to those management policies?	V		(I) As the basis for implementing ethical corporate management in practice, the Company has formulated Principles of Ethical Corporate Management and adheres to the Company Act, the Securities and Exchange Act, the Business Accounting Act, relevant policies for TWSE/TPEx listed companies and other laws pursuant to business conduct.	No material difference
(II) Does the Company establish an assessment mechanism for unethical risks, according to which it analyzes and assesses operating activities with high potential unethical risks? Does the mechanism include any precautionary measures against all the conducts as stated in Article 7, Paragraph 2 of the Ethical Corporate Management for TWSE/TPEx Listed Companies?	V		(II) The Company's Board of Directors has formulated an Ethical Corporate Management Best Practice Principles on January 29, 2014, and has positively enhanced the implementation according to Code of Credit Management for TWSE/TPEx Listed Companies.	No material difference
(III) Has the Company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and rules for appeal, and does the Company implement them accordingly, and regularly review and correct such measures?	V		(III) The Company has formulated a code of ethical conduct to enable its employees, management, and stakeholders to better understand and follow the Company's ethical standards.	No material difference
II. Fulfillment of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(I) Before conducting commercial transactions, the Company will conduct credit investigation to avoid dealing with illegal or dishonest persons.	No material difference
(II) Has the Company established an exclusively (or concurrently) dedicated unit under the Board to implement ethical corporate management, and report to the Board on a regular basis (at least annually) about the ethical corporate management policies, precautionary measures against unethical conducts, as well as the implementation and supervision thereof?	V		(II) The Company has set financial department as the part-time division to promote ethical corporate management. It is responsible of facilitating the Board of Directors and management to establish ethical corporate management policies and monitors the implementation, to ensure the full execution of ethical corporate management principle. Annual report to the Board of Directors is conducted regularly. In the Board meeting on May 6, 2020, 2019, execution was reported. In 2020, training and testing are conducted to all employees with the theme of "implementing the value of integrity, developing corporate sustainability."	No material difference

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly? (IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit? (V) Does the company regularly hold internal and external training on ethical corporate management?	V V V		(III) The Board of Directors has formulated rules of procedure. If a director has conflicts of interest in various proposals, he/she should be recused from discussion and resolution. (IV) In accordance with the accounting system and internal control system, the Company's auditors regularly check its compliance. (V) The Company regularly holds internal and external education and training in ethical corporate management.	No material difference No material difference No material difference
III. Status of enforcing whistle-blowing systems in the company (I) Has the Company established a concrete whistle-blowing and rewarding system, and set up accessible methods for whistle-blowers, and designate appropriate and dedicated personnel to investigate the accused? (II) Has the Company established standard operating procedures for the reported matters, the measures to be taken after investigation is completed, and the relevant confidential mechanism? (III) Does the Company take any measures to protect whistle-blowers so that they are safe from mishandling?	V V V		(I) The Company has set up a reporting system and exclusive reporting channels. Whistle-blowers can report through the Company's website, and dedicated personnel will be assigned to handle the reporting matters. (II) According to provisions of the Company's reporting system, reporting matters shall be handled in accordance with the system and relevant contents shall be kept strictly confidential. (III) The Company takes measures for protecting whistle-blowers from improper actions due to whistle-blowing.	
IV. Enhancement of Information Disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company has formulated an Ethical Corporate Management Best Practice Principles" and has disclosed it on MOPS.	No material difference
V. If the Company has established its Ethical Corporate Management Best Practice Principles according to Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the operational status and any deviations: The Company has established a set of Procedures for Ethical Management and Guidelines for Conduct and no material deviation is found between current practices and the Principles.				
VI. Other important information helpful for understanding the Company's ethical corporate management: The Company has Operation Procedures of Ethical Corporate Management and Conduct Guide and Code of Ethical Conduct. Please refer to MOPS or the company's website for relevant information.				

(VII) Please disclose the access to the Company's corporate governance principles and related rules and regulations:

Access: http://www.apaq.com.tw

(VIII) Other important information that can promote the understanding of the Company's corporate governance status shall be disclosed: None.

(IX) Implementation of the internal control system

1. Statement of Internal Control System:

APAQ Technology Co., Ltd.
Statement of Internal Control System

Date: February 25, 2021

Based on the findings of a self-assessment, the Company states the following about its internal control system in 2020:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has already adopted the Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2017, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment about the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. The Statement was passed by the Board of Directors on February 25, 2021, with none of the 7 attending directors expressing dissenting opinions, and the remainder all approved the content of this Statement.

APAQ Technology Co., Ltd.

Chairman: Tun-Jen Cheng (signed or sealed)

CEO: Ching-Feng Lin (signed or sealed)

General Manager: Hsi-Tung Lin (signed or sealed)

2. For any CPA retained to conduct a project review of the internal control system, the CPA's audit report shall be disclosed: None.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have material impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report : None.

(XI) Major Decisions of Board Meetings in the most recent year as of the publication date of the Annual Report:

Meeting	Date Convened	Major resolution
Board of Directors	2020.03.24	(1) Approved the operating report and financial statements for 2019. (2) Approved the Company's allocation of employee remuneration and remuneration of directors and supervisors in 2019. (3) Approved the discussion on the date, time, place, and agenda of the 2020 regular shareholders' meeting of the Company. (4) Approved shareholders' rights to proposal at the 2020 regular shareholders' meeting of the Company.
Board of Directors	2020.05.06	(1) Approved the Company's financial reports for the first quarter in 2020. (2) Approved the appropriation of retained-earning for 2019. (3) Approved the examination of the list of candidates for nomination of independent directors accepted by 2020 regular shareholders' meeting of the Company. (4) Approved the proposal to increase capital on APAQ Electronic (Hubei) Co., Ltd. (5) Approved the independent evaluation of the appointment of CPAs by the Company. (6) Approved the appointment of the person in charge of corporate governance. (7) Approved the addenda to the meeting agenda for the 2020 regular shareholders' meeting.
Board of Directors	2020.06.17	(1) Election of the Chairman for the 7th Board of Directors. (2) Approved the appointment of the Remuneration Committee members.
Board of Directors	2020.08.04	(1) Approved the consolidated financial statements for the second quarter of 2020. (2) Approved the capital lending to the subsidiaries of APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd. (3) Approved the endorsements and guarantees for APAQ Wuxi and APAQ Hubei.
Board of Directors	2020.11.05	(1) Approved the Company's consolidated financial statements for the third quarter of 2020.
Board of Directors	2021.02.25	(1) Approved the fund allocation for the remuneration of the Company's directors, supervisors, and employees in 2020.

Meeting	Date Convened	Major resolution
		(2) Approved the 2020 Business Report and financial statements. (3) Approved matters concerning the dates, times, places and agenda for the 2021 regular shareholders' meetings. (4) Approved the acceptance of shareholders' motions for the 2021 regular shareholders' meetings.
Board of Directors	2021.05.07	(1) Approved the Company's first quarter consolidated financial statements for 2021. (2) Approved the Company's distribution of the retained earnings for 2020.

Matters and implementation of resolutions of shareholders' meeting in 2020:

Meeting	Date Convened	Major resolution	Status of execution
Shareholders' Meeting	2020.06.17	(1) Approved the Business Report and the financial statements for 2019.	The resolution was approved upon a vote.
		(2) Approved the distribution of retained earnings for 2019.	The resolution was approved upon a vote, and the Chairman set the base date for ex-dividend on August 4, 2020, and the cash dividend pay-out date on August 28, 2020.
		(3) Approved the amendment to the Company's Articles of Incorporation.	The resolution was approved upon a vote, and the amendment was approved by the Hsinchu Science Park Bureau, MOST.
		(4) Approved the amendment to the Company's "Endorsement/Guarantee Operating Procedures".	The resolution was approved upon a vote to be followed up per procedures.
		(5) Approved the amendment to the Company's "Operation Procedures of Capital Loan to Others"	The resolution was approved upon a vote to be followed up per procedures.
		(6) Approved the amendment to the Company's Rules on the Election of Directors and Supervisors.	The resolution was approved upon a vote to be followed up per procedures.
		(7) Election of the Company's 7th Board of Directors.	A vote was cast in which seven directors (including three independent directors) were elected, each with a term from June 17, 2020, to June 16, 2023. The directors are: Tun-Jen Cheng, Huacheng Venture Capital Co., Ltd., Representative: Hsien-Yueh Hsu, Ching-Feng Lin, INPAQ Technology Co., Ltd,, Representative: Ming-T'san Tseng, Chung-Ming Liu, Shu-Chien Liang, Chia-Ning Chang.
		(8) Approved revocation of the non-compete covenant with new directors.	The roster of elected director was approved and filed with the Hsinchu Science Park Bureau, MOST. The resolution was approved upon a vote.

(XII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(XIII) Resignation or Dismissal of the Company's Chairman, General Manager, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.

V. Information Regarding Audit Fees

(I) Information Regarding Audit Fee

Unit: NTD thousands

<table>
<tr><th rowspan="2">CPA firm</th><th rowspan="2">CPAs</th><th rowspan="2">Audit fee</th><th colspan="5">Non-audit fee</th><th rowspan="2">Audit period</th><th rowspan="2">Remarks</th></tr>
<tr><th>System design</th><th>Business registration</th><th>Human resource</th><th>Others</th><th>Subtotal</th></tr>
<tr><td rowspan="3">KPMG Taiwan</td><td>Wan-Yuan You</td><td rowspan="2">2,920</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">0</td><td rowspan="2">2020.01.01 ~ 2020.12.31</td><td rowspan="2"></td></tr>
<tr><td>Qian-Hui Lu</td></tr>
<tr><td>Wan-Yuan You</td><td>0</td><td>0</td><td>0</td><td>0</td><td>380</td><td>380</td><td>-</td><td>NT$380,000 for taxation declaration and certification</td></tr>
</table>

(II) Where the Company changed the accounting firm and the audit fees paid for the year of change was less than that of the prior year, the amount of audit fees before and after the change and reasons shall be disclosed: None.

(III) Where accounting fee paid for the current year was more than 10% less than that of the previous year, the sum, proportion, and cause of the reduction shall be disclosed: None.

VI. Change of Independent Auditors: None.

VII. Where the Company's Chairman, General Manager, or any managerial officer in charge of finance or accounting who has held a position in the accounting firm or its affiliated company within the past year, the name, position, and period shall be disclosed: None.

VIII. The Status Involving Share Transfers and Changes in Equity Pledges of the Directors, Supervisors, Managerial Officers, and Shareholders who Hold More Than 10% of Shares, from the Past Year up to the Publication Date of the Annual Report:

(I) Share changes by directors, supervisors, managers, and major shareholders

Unit: Share

Title	Name	2020		As of April 30, 2021	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman	Tun-Jen Cheng (Note 1)	0	0	0	0
Director and CEO	Ching-Feng Lin	0	0	0	0
Director and General Manager	Hsi-Tung Lin (Note 2)	0	0	0	0
Director and major shareholder	Huacheng Venture Capital Co., Ltd.	0	0	0	0
	Legal representative: Hsien Yueh Hsu	0	0	0	0
Directors	Walsin Technology Corporation (Note 3)	0	0	0	0
	Legal representative: Jui-Jung Chang (Note 3)	0	0	0	0
Directors	INPAQ Technology Co., Ltd.	0	0	0	0
	Legal representative: Ming-Ts'an Tseng	0	0	0	0
Independent Director	Shu-Chien Liang	0	0	0	0
Independent Director	Nai-Ming Liu (Note 3)	0	0	0	0
Independent Director	Chung-Ming Liu	0	0	0	0
Independent Director	Chia-Ning Chang	0	0	0	0
Supervisor	Chin-Ch'ang Yang (Note 3)	0	0	0	0
Supervisor	Chang-Chia Wu (Note)	0	0	0	0
Supervisor	Fu-Tsan Tsai (Note 3)	0	0	0	0
Vice General Manager of Sales & Marketing Division	Han-Yuan Lin	8,000	0	0	0
Vice General Manager of Administration Division	Fu-Jen Cheng (Note)	0	0	0	0
FAE Assistant Manager	Shih-Shan Liu	0	0	0	0
Head of R&D Division	Ming-Zung Chen	(9,000)	0	(3,000)	0
Head of QA Center and New Products Division	Ming-Ku Chien	0	0	0	0
Head of Finance Division	Pei-Ling Li	0	0	0	0

Note 1: Former representative of the juristic-person Director, INPAQ Technology Co., Ltd., and was himself elected to the Chairman of the Board of Directors at the shareholders' meeting on June 17, 2020.
Note 2: Director term expired upon the election of new directors at the shareholders meeting on June 17, 2020. Current General Manager of the Company.
Note 3: Term expired upon the election of new directors at the shareholders' meeting on June 17, 2020.
Note 4: Elected to the representative of the juristic-person Director, INPAQ Technology Co., Ltd., at the shareholders' meeting on June 17, 2020.
Note 5: Former General Manager of the Administration Division whose reassignment was approved by the Board of Directors on November 5, 2020, and is no longer a managerial officer; thus report of this person's change in shares was until November 5, 2020.

(II) Counterparty of equity transfer is a related party: None.

(III) Counterparty of equity pledge is a related party: N/A.

IX. Information on The Top 10 Shareholders of The Company Who Are Identified As Related Parties, Spouse or Relative Within The Second Degree Of Kinship:

April 26, 2021, Unit: share

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations listed on No. 6 of Bulletin of Financial and Accounting Principles, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships		Remarks
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Designation (or Name)	Relation	
Huacheng Venture Capital Co., Ltd.	10,668,012	11.99	N/A	N/A	0	0	Hua Min Venture Capital Co., Ltd.	They are both subsidiaries of ASUSTek Computer Inc.	
Huacheng Venture Capital Co., Ltd. Representative: Chung-Tang Shih	0	0	0	0	0	0	Hua Min Venture Capital Co., Ltd.	Chairman of the company	
Prosperity Dielectrics Co., Ltd.	5,280,000	5.94	N/A	N/A	0	0	Walton Advanced Engineering Inc.	The Chairman is the same person	
							Walsin Technology Corporation		
							INPAQ Technology Co., Ltd.	Walsin Technology Corporation, the juristic-person Director of INPAQ Technology Co., Ltd., is the parent company of Prosperity Dielectrics Co., Ltd.	
Prosperity Dielectrics Co., Ltd. Representative: Yu-Heng Chiao	0	0	0	0	0	0	Walton Advanced Engineering Inc.	Chairman of the company	
							Walsin Technology Corporation		
INPAQ Technology Co., Ltd.	4,776,329	5.37	N/A	N/A	0	0	Prosperity Dielectrics	Subsidiary of Walsin Technology Corporation, the juristic-person Director of INPAQ Technology Co., Ltd.	
							Tun-Jen Cheng	Director of INPAQ Technology Co., Ltd.	
							Walsin Technology Corporation	Juristic-person Director of INPAQ	

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations listed on No. 6 of Bulletin of Financial and Accounting Principles, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships		Remarks
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Designation (or Name)	Relation	
								Technology Co., Ltd.	
INPAQ Technology Co., Ltd. Representative: P'ei-Chen Ch'en	0	0	0	0	0	0	Walsin Technology Corporation	Representative of Walsin Technology Corporation. the juristic-person Director of INPAQ Technology Co., Ltd.	
Walton Advanced Engineering, Inc.	4,591,000	5.16	N/A	N/A	0	0	Prosperity Dielectrics Walsin Technology Corporation	The Chairman is the same person	
Walton Advanced Engineering, Inc. Representative: Yu-Heng Chiao	0	0	0	0	0	0	Prosperity Dielectrics Walsin Technology Corporation	Chairman of the company	
Hua Min Venture Capital Co., Ltd.	3,210,015	3.61	N/A	N/A	0	0	Huacheng Venture Capital Co., Ltd.	They are both subsidiaries of ASUSTek Computer Inc.	
Hua Min Venture Capital Co., Ltd. Representative: Chung-Tang Shih	0	0	0	0	0	0	Huacheng Venture Capital Co., Ltd.	Chairman of the company	
Chaintech Technology Corp.	3,050,000	3.43	N/A	N/A	0	0	None	None	
Chaintech Technology Corp. Representative: Kao, Shu-Jung	0	0	0	0	0	0	None	None	
Walsin Technology Corporation	2,960,000	3.33	N/A	N/A	0	0	INPAQ Technology Co., Ltd.	Juristic-person Director of INPAQ Technology Co., Ltd.	
							Walton Advanced Engineering Inc. Prosperity Dielectrics	The Chairman is the same person	
Walsin Technology Corporation Representative: Yu-Heng Chiao	0	0	0	0	0	0	Walton Advanced Engineering Inc. Prosperity Dielectrics	Chairman of the company	
Tun-Jen Cheng	2,799,358	3.15	413,573	0.46	0	0	INPAQ Technology Co., Ltd.	Being a Director of the company	
							Chiao-Fang	Relative	

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations listed on No. 6 of Bulletin of Financial and Accounting Principles, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships		Remarks
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Designation (or Name)	Relation	
							Cheng	within the second degree of kinship	
Taiflex Scientific Co., Ltd.	2,402,000	2.70	N/A	N/A	0	0	None	None	
Taiflex Scientific Co., Ltd. Representative: Ta-Wen Sun	0	0	0	0	0	0	None	None	
Fu Kai Investment Management and Consulting Co., Ltd.	1,999,000	2.25	N/A	N/A	0	0	None	None	
Fu Kai Investment Management and Consulting Co., Ltd. Representative: Chiao-Fang Cheng	115,307	0.13	0	0	0	0	Tun-Jen Cheng	Relative within the second degree of kinship	

X. Shares held by the Company, its Directors, Supervisors, managers, and businesses directly or indirectly controlled by the Company as a result of investment, and the ratio of consolidated shares held:

December 31, 2020
Unit: 1,000 shares

Reinvestment (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managerial Officers or Businesses Directly or Indirectly Controlled by the Company		Total investment	
	Number of shares	%	Number of shares	%	Number of shares	%
APAQ Investments Limited	44,504	100%	0	0	44,504	100%
APAQ Electronic (Wuxi) Co., Ltd.	Note 2	100%	Note 2	0	Note 2	100%
APAQ Technology (Hubei) Co., Ltd.	Note 2	100%	Note 2	0	Note 2	100%
Shenzhen Gather Electronics Science Co., Ltd.	Note 2	35%	Note 2	0	Note 2	35%

Note 1: Invested by the Company using the equity method
Note 2: The company is a limited company with no share issued.

Chapter 4. Funding Status

I. Capital and Shares

(I) Sources of capital

May 7, 2021, Unit: share, NTD

Year and month	Issue price	Authorized capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Capital increase by assets other than cash	Others
2005.12	10	60,000,000	600,000,000	500,000	5,000,000	Establishment	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09433433750 issued on December 27, 2005
2006.6	10	60,000,000	600,000,000	3,000,000	30,000,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09532265240 issued on June 2, 2016
2006.6	12	60,000,000	600,000,000	19,021,000	190,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09532262450 issued on June 2, 2016
2007.1	13	60,000,000	600,000,000	20,521,000	205,210,000	Capital increase	Technology price NT$15,000,000	Approved by the Ministry of Economic Affairs Letter No. Economic-Central- 09631521190 issued on January 5, 2017
2007.10	10	60,000,000	600,000,000	30,521,000	305,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09632914170 issued on October 22, 2007
2008.10	10	60,000,000	600,000,000	48,521,000	485,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central- 09733285520 issued on October 20, 2008
2009.11	15	60,000,000	600,000,000	58,521,000	585,210,000	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09801265660 issued on November 20, 2009
2011.10	10	60,000,000	600,000,000	58,970,875	589,708,750	Recapitalization of retained earnings	Dividend and bonus NT$4,498,750	Approved by the Ministry of Economic Affairs Letter No. Economic-Central-0001230920 issued on October 7, 2011
2012.11	10	100,000,000	1,000,000,000	63,290,126	632,901,260	Recapitalization of retained earnings	Dividend and bonus NT$43,192,510	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10101219470 issued on November 8, 2012
2014.2	10	100,000,000	1,000,000,000	65,070,126	650,701,260	Issue of new shares by conversion of employee stock options	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301021450 issued on February 10, 2014
2014.2	10	100,000,000	1,000,000,000	66,290,126	662,901,260	Issue of new shares by conversion of employee stock options	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301022910 issued on February 11
2014.12	32	100,000,000	1,000,000,000	73,190,126	731,901,260	Capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Economic-Commerce-10301268970 issued on December 30, 2014
2018.03	10	150,000,000	1,500,000,000	76,094,700	760,947,000	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070006900 issue on March 6, 2018
2018.05	10	150,000,000	1,500,000,000	86,104,150	861,041,500	Issue of new shares by conversion of convertible bond and capital increase by cash	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070015421 issued on May 28, 2018
2018.09	10	200,000,000	2,000,000,000	86,493,651	864,936,510	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070026345 issued on September 10, 2018
2018.12	10	200,000,000	2,000,000,000	84,441,912	844,419,120	Cancellation of treasury stock and issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1070036633 issued on December 12, 2018
2020.04	10	200,000,000	2,000,000,000	84,524,751	845,247,510	Issue of new shares by conversion of convertible bond	None	Approved by the Ministry of Economic Affairs Letter No. Hsinchu-Commerce-1090010329 issued on April 16, 2020
2021.05	10	200,000,000	2,000,000,000	88,953,514	889,535,140	Issue of new shares by conversion of convertible bond	None	Registration pending as of the date of annual report.

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Ordinary shares	88,953,514	111,046,486	200,000,000	Public shares

(II) Shareholder structure

April 26, 2021, Unit: Share

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Individual	Foreign institutions & natural persons	Total
Number	0	1	150	13,124	35	13,310
Number of shares held	0	1,791,751	43,731,144	38,835,977	4,594,642	88,953,514
Shareholding ratio %	0	2.01	49.16	43.66	5.17	100

(III) Shareholding distribution status

April 26, 2021, Unit: Share

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio (%)
1~999	8,007	102,605	0.12
1,000~5,000	4,311	8,123,320	9.13
5,001~10,000	479	3,765,207	4.23
10,001~15,000	135	1,711,445	1.92
15,001~20,000	100	1,866,809	2.1
20,001~30,000	66	1,716,043	1.93
30,001~40,000	43	1,559,572	1.75
40,001~50,000	33	1,582,576	1.78
50,001~100,000	49	3,364,259	3.78
100,001~200,000	39	5,381,264	6.05
200,001~400,000	21	5,852,175	6.58
400,001~600,000	12	5,462,353	6.14
600,001~800,000	0	0	0
800,001 to 1,000,000	1	880,000	0.99
1,000,001 or more	14	47,585,886	53.5
Total	13,310	88,953,514	100

(IV) List of major shareholders

Name, number of shares held, and shareholding percentage of shareholders who hold more than 5% of the shares or the 10 largest shareholders:

April 26, 2021, Unit: Share

Shares / Name of major shareholders	Number of shares held	Shareholding ratio (%) (Note)
Huacheng Venture Capital Co., Ltd.	10,668,012	11.99
Prosperity Dielectrics Co., Ltd.	5,280,000	5.94
INPAQ Technology Co., Ltd.	4,776,329	5.37
Walton Advanced Engineering, Inc.	4,591,000	5.16
Hua Min Venture Capital Co., Ltd.	3,210,015	3.61
Chaintech Technology Corp.	3,050,000	3.43
Walsin Technology Corporation	2,960,000	3.33
Tun-Jen Cheng	2,799,358	3.15
Taiflex Scientific Co., Ltd.	2,402,000	2.70
Fu Kai Investment Management and Consulting Co., Ltd.	1,999,000	2.25

(V) Market price per share, net value, surplus, capital bonus and related information in the most recent two years

Item			2019	2020	As of March 31, 2021
Market price per share	Highest		42.3	64.8	72.4
	Lowest		27	19.8	49.55
	Average		35.81	50.57	61.17
Net worth per share	Before distribution		23.25	25.78	27.15
	After distribution		22.25	N/A	N/A
Earnings per share (NT$)	Weighted average number of shares (thousand shares)		83,959	84,512	85,210
	Before adjustment of warnings per share		1.66	3.10	0.82
	After adjustment of earnings per share		N/A	N/A	N/A
Dividends per share	Cash dividends		1	1.9 (Note 4)	N/A
	Free allotment	Dividends from retained earnings	0	0	N/A
		Dividends from capital surplus	0	0	N/A
	Accumulated undistributed dividend		0	0	N/A
Return on investment	Price /Earnings ratio (Note 1)		21.57	16.31	N/A
	Price /Dividend ratio (Note 2)		35.81	26.62	N/A
	Cash Dividend Yield (%) (Note 3)		2.79	3.76	N/A

Note 1: Price /Earnings ratio = Average closing price for each share for the year/Earnings Per Share
Note 2: Price/Dividend ratio = Average closing price for each share for the year/cash dividend per share
Note 3: Cash dividend yield = Cash dividends per share/average closing price per share for the year.
Note 4: The Company's 2020 earnings distribution proposal has been approved by the Board of Directors, but has yet to be acted on at the shareholders' meeting.

(VI) The Company's dividend policy and implementation status:

1. Dividend Policy

According to the Articles of Association of the Company, the industry is changeable, capital-intensive, and technology-intensive. The corporate life cycle is in a stable growth of operation. It is necessary to adopt the residual dividend policy at this stage in order to retain surplus funds to meet the needs of operation growth and investment. The distribution of shareholder dividends, in cash or stock forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

2. Dividend distribution proposal of the year

Approved by the Board of Directors on May 7, 2021, the Company plans to submit the resolution of regular shareholders' meeting on June 24, 2021, with shareholders' cash dividend being NT$169,011,677 and NT$1.9 for each share.

3. Anticipated Changes in Dividend Policy: None.

(VII) The impacts of issuing stock grants in the shareholder’s meeting on the Company’s operational performance and dividend per share: Not applicable. No stock grants issuance occur.

(VIII) Compensation of employees, Directors and Supervisors:

1. The Company shall appropriate no less than 8% of current year profit as employee bonuses by cash or shares upon approval of the Board of Directors. Employee bonuses may be issued to employees in affiliate companies that meet certain criteria. The Company may appropriate no more than 3% of the above profit as Directors' remuneration upon approval of the Board of Directors. The distribution plan of the remuneration to employees, directors and supervisors shall be reported at the shareholders' meeting.
   However, the Company shall reserve sufficient amount to compensate its accumulated deficits in advance before appropriating the remuneration of employees, directors, and supervisors according to the previous ratio.
2. The basis for estimating the number of employees, directors, and supervisors' remuneration, for calculating the number of shares to be distributed as employees' remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   The Company made a profit of NT$335,621,694 in 2020. Multiplied by the distribution percentage determined by the management authority in accordance with the Company's Articles of Association and taking into account the overall operating structure and industrial distribution level, the amount of remuneration to be distributed to employees is NT$28,527,840, and the remuneration to directors and supervisors is NT$8,390,542. Where employees are paid in shares, the number of shares to be distributed will be calculated according to the closing price of ordinary shares on the day before the Board of Directors' resolution. There is no difference with the estimated amount of the recognized expenses in the year.
3. Information on any approval by the Board of Directors of distribution of remuneration:
   (1) If there is any difference between the remuneration of employees and that of directors and supervisors distributed in cash or stock and the annual estimated amount of recognized expenses, the number of differences, reasons and treatment shall be disclosed: The Company's Board of Directors determined on February 25, 2021, that there was no deviation from the estimated amounts, as follows.

Allocation items	Estimated amount	Distributed amount
Remuneration of employees	NT$28,527,840	NT$28,527,840
Remuneration of directors and supervisors	NT$8,390,542	NT$8,390,542
Total allocation	NT$36,918,382	NT$36,918,382

   (2) The amount of employees' remuneration distributed by shares and the proportion of the total amount of net profit after tax and employees' remuneration in individual or individual financial reports in the current period: The Company approved a resolution on February 25, 2020 that all employees should be paid in cash, so it is not applicable.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including the number and total amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated: The Company approved the resolution of the Board of Directors on March 24, 2020, and submitted the following report to the shareholders' meeting on June 17, 2020. There is no difference with the proposed allotment approved by the original Board of Directors.

Allocation items	Resolved amount	Remarks
Remuneration of employees	NT$16,437,102	Cash
Remuneration of directors and supervisors	NT$4,834,442	Cash
Total allocation	NT$21,271,544	

(IX) Redemption of the Company's Own Shares

1. Redemption of the Company’s own shares (redeemed): None.
2. Redemption of Company Share (under redemption): None.

II. Handling Status of Corporate Bond

Type of corporate bond	Second domestic unsecured convertible bond (matured and repaid on April 27, 2021.
Date of Issuance	April 27, 2018
Par value	NT$100,000
Place of issuance and transaction	Republic of China
Issue price	Issued at par value
Total	NT$250 million
Interest rate	0%
Term	Three years due on April 27, 2021
Guarantor	Not applicable due to the issuance of unsecured convertible bond.
Trustee	Mega International Commercial Bank Co., Ltd.
Underwriter	Yuanta Securities Co., Ltd.
Certified attorney	Attorney Sen-Jung Wang of Classic and Superior Law Firm
Certified accountant	None
Method of repayment	Unless the bondholders convert into ordinary shares of the Company in accordance with Article 10 of the Method of Transfer, or the Company redeems in advance or exercise redemption at securities firm in accordance with Article 18 of these Procedures, the Company will repay the converted bonds held by bondholders in cash in accordance with the denomination of the bonds when the Company's conversion of bonds expires.
Outstanding principal	As of the date of publication of the annual report, the principal outstanding was NT$0.
Articles for redemption or early liquidation	According to Article 18 of Methods of Conversion
Restrictive covenants	None

Name of Credit Rating Agency, Rating Date, and the results of Corporate Bond Ratings		N/A
Other rights attached	Number of ordinary shares already converted (swapped or warranted) and Global Depository Receipts or other negotiable securities as of the publication date of this annual report	As of the maturity date of April 27, 2021, the converted corporate bonds amounted to NT$248.9 million and applied for conversion of ordinary shares, with a total of 4,428,763 converted ordinary shares.
	Issuance and conversion (swap or subscription) methods	Please refer to the Company's Regulations Governing the Issuance and Conversion of the Second Unsecured Convertible Corporate Bonds.
Possible dilution of equity or impact to shareholders' equity caused by regulations on the issuance and conversion, swap or subscription to stocks		No material impact
Name of the commissioned custodian of exchangeable underlying		N/A

<table>
<tr><td colspan="2">Type of corporate bond</td><td colspan="4">Second domestic unsecured convertible bond (matured and repaid on April 27, 2021)</td></tr>
<tr><td colspan="2">Year
Item</td><td>2018</td><td>2019</td><td>2020</td><td>As of April 27, 2021</td></tr>
<tr><td rowspan="3">Market price of the convertible corporate bond</td><td>Highest</td><td>134</td><td>105</td><td>118.9</td><td>126.25</td></tr>
<tr><td>Lowest</td><td>96</td><td>97.3</td><td>99.15</td><td>105</td></tr>
<tr><td>Average</td><td>112.54</td><td>100.1</td><td>110.53</td><td>113.27</td></tr>
<tr><td colspan="2">Conversion price</td><td>59.9
(Effective from September 8, 2018)</td><td>58
(Effective from August 21, 2019)</td><td colspan="2">56.2
(Effective from August 4, 2020)</td></tr>
<tr><td colspan="2">Issuance (placement) date and the conversion price on issuance</td><td colspan="4">Issuance date: April 27, 2018
Conversion price on issuance: 63</td></tr>
<tr><td colspan="2">Methods of fulfilling conversion obligations</td><td colspan="4">Issuance of new shares</td></tr>
</table>

III. Handling Status of Preferred Shares: None.

IV. Handling Status of Global Depository Shares: None.

V. Handling Status of Employee Stock Options: None.

VI. Handling Status of New Restricted Employee Shares: None.

VII. Handling Status of Issuance of new shares in connection with the merger or acquisition of other companies: None.

VIII. Implementation of Capital Utilization Plans: None.

Chapter 5. Operational Highlights

I. Company Business

(I) Business Scope

1. Business Scope

(1) The Company's business

A. CC01080 Electronic Parts and Components Manufacturing

B. CC01110 Computers and Peripheral Equipment Manufacturing

C. E603050 Automatic Control Equipment Engineering

D. F401010 International Trade

E. I501010 Product Designing

Research, development, manufacturing, and sales for the following products: Aluminum Solid Capacitor, Aluminum Liquid Electrolytic Capacitor and general electronic components

(2) Operational Proportion of major products

Unit: NTD thousands

Products \ Year	2019		2020	
	Net operating revenue	Proportion (%)	Net operating revenue	Proportion (%)
Coiled conductive polymer solid state capacitors	1,775,810	88.66	1,991,814	83.53
Chip-type conductive polymer solid state capacitors	227,031	11.34	392,811	16.47
Total	2,002,841	100.00	2,384,625	100.00

(3) Current Commodities (Services) of the Company

A. Coiled conductive polymer solid state capacitors

B. Chip-type conductive polymer solid state capacitors

(4) New Products (Services) Planned to Be Developed

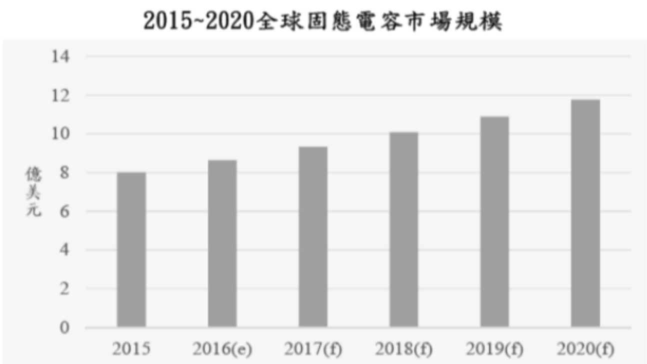
A. Coiled capacitors with high voltage and high reliability (for industrial power supply and server)

B. High-capacity chip-type capacitor (for advanced drawing card and server)

2. Industry Overview

(1) Industry Status and Development

The Company mainly researches, develops, and sells solid-state capacitors. The rise of solid-state capacitors is mainly to solve the problem of explosicum of traditional aluminum electrolytic capacitors in case of high heat. It has long life and is suitable for application in a high-frequency environment. In downstream applications such as advanced mainboards, notebook computers, industrial computers, servers, VGA cards, game consoles, miniaturized adapters, chargers, etc., solid-state capacitors will gradually replace traditional liquid aluminum electrolytic capacitors with improving efficiency and quality.

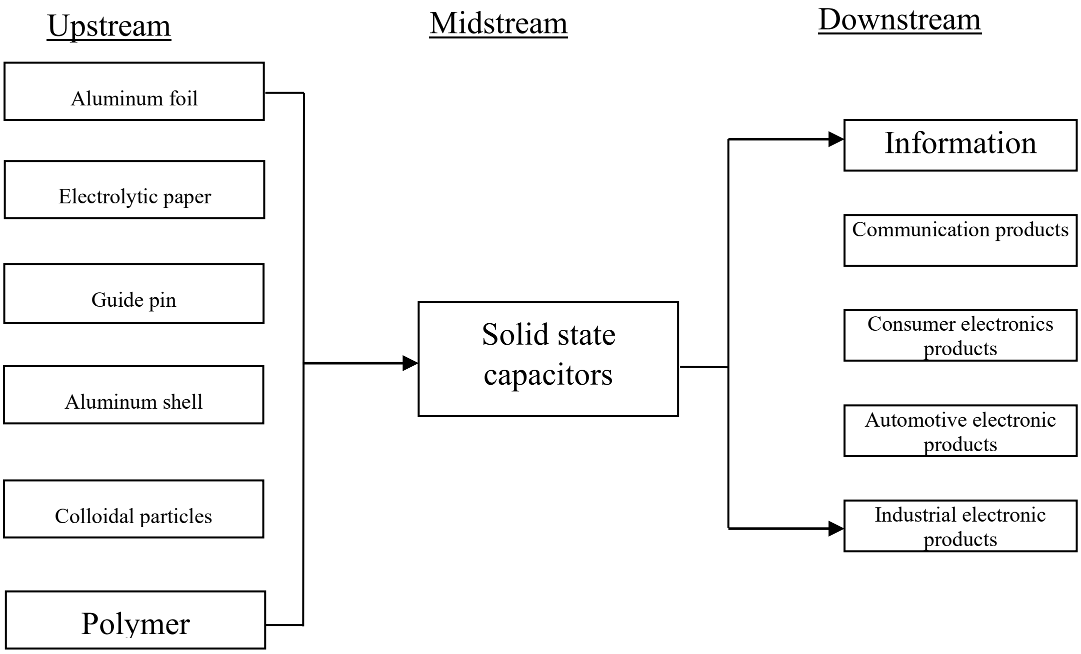


資料來源: IEK

According to IEK of Industrial Technology Research Institute, the scale of global solid-state capacitor market is under slow expansion. With the price of traditional aluminum electrolysis capacitors close to the price of solid-state capacitors and increased permeability, the solid-state capacitor industry has a predictable prospect.

(2) The Relevance of Upstream, Midstream and Downstream Industry

The main upstream raw materials of solid-state capacitors are aluminum foil, electrolytic paper, guide pins, aluminum shells, colloidal particles, and polymers, while the downstream users are information products, communication products, consumer electronic products, automotive electronic products, and industrial electronic products.



(3) Development trends and competitive situations of Industry

Solid-state capacitor manufacturers are mainly in Japan, Taiwan, South Korea, and Mainland China. Originally Japanese manufacturers were the industry leaders, but in recent years they have been caught up by Taiwanese manufacturers. Japanese manufacturers have gradually ceded the market due to insufficient price competitiveness.

Solid-state capacitors are mainly used in PC-related products. Due to the slight decline of PC until very recently, the demand for solid-state capacitors in PC products had decreased; however, the demand for PC has rebounded following the outbreak of the pandemic. In addition, the continuous expansion of cloud and network markets, which drives up the demand for miniaturized adapters, chargers, servers, and high-speed computing, will sustain a steady growth in the solid-state capacitor market.

3. Research and Development

(1) Technical Level of the Company's Business and R&D Development

The Company continues to develop solid-state capacitor products, including solid-state capacitors with high voltage (> 35V), capacitors with high reliability and resistance to environmental climate. In addition, the Company has cooperated with ITRI, academic fields and major international factories to enhance the Company's R&D capability and the development and application of new technologies.

(2) The annual expenses on R&D invested in the past five years and technologies or products successfully developed

A. The annual expenses on R&D invested in the past five years

Unit: NTD thousand

Item \ Year	2016	2017	2018	2019	2020
R&D expenses	82,180	71,058	54,787	54,256	70,706
Net operating revenue	1,653,022	1,941,720	2,042,820	2,002,841	2,384,625
Percentage Accounting for Net Revenue (%)	4.97	3.66	2.68	2.71	2.97

B. Research and Development Achievements:

Year	Name or Project of Product and Technology
2000	1. Coiled solid capacitors: 25V 2. V Chip solid capacitors: AVEA series in 6ϕ 3. Chip-type solid capacitor: ACAS series in 2.5V and 100uF
2011	1. Coiled solid capacitors: AR5K series with high reliability 2. V Chip solid capacitor: AVEC series with low impedance (10mΩ) 3. Chip-type solid capacitor: ACAS series in 2V and 220uF
2012	1. Coiled solid capacitors: solid capacitor with high voltage (35V, 50V) 2. Chip-type solid capacitor: ACAM series of M size 3. Chip-type solid capacitor: ACAS series in 2V and 330uF
2013	1. Coiled solid capacitors: solid capacitor with high voltage (63V) 2. V Chip solid capacitor: solid capacitor with low back (4.5mm high) 3. V Chip solid capacitor: solid capacitor with high voltage (25V and 6 mm high)
2014	1. V Chip solid capacitor: solid capacitor with high voltage and low back (4.5mm high and 25V) 2. Chip-type solid capacitor: ACAH series in 2V and 470uF
2015	1. AREP series of solid capacitor dedicated for coiled power supply 2. Chip-type solid capacitor with low resistance: ESR=4.5mΩ
2016	1. AREP series of coiled solid capacitor with high voltage (25V~100V) 2. hrs series of chip-type solid capacitor with high reliability in 125°C and 1k
2017	ARHT series of coiled solid capacitor with high reliability (125°C 2k hrs)
2018	Development of high voltage (above 16V) chip-type solid capacitors
2021	V Chip solid capacitor: solid capacitor with low back (4mm high)

4. Long-term and Short-term Business Development Plan

(1) Short-term development plan

A. Marketing Strategy

a. Strengthen product development and after-sales service to consolidate existing customers.

b. Promote the development and in-depth cultivation of regional markets.

c. Lock in the new application market, actively collect market information and develop new customers.

d. Regularly visit to customers to strengthen the cooperative relationship between the two parties.

B. Production, R&D, and product development direction

a. Improve capacity utilization and reduce costs.

b. Actively introduce and cultivate R&D and project management talents to extend the technical field and accelerate the product development speed.

c. Develop products close to customers and market demands.

C. Operation management policy

a. Stabilize the source of raw materials and Strengthen supply chain management

b. Enhance quality control system, continuously improve product quality, and strengthen customer service.

c. Make good use of information management system to improve the Company's operating performance.

(2) Long-term development plan

A. Marketing Strategy

a. Consolidate current major customers and expand cooperation in product lines.

b. Establish strategic partnership.

B. Production, R&D, and product development direction

a. Integrate process management to improve production performance and yield.

b. Continue to develop talents and upgrade technology in R&D.

c. Expand product applications and lead the development of new products and services

C. Operation management policy

a. Vertically integrate technology and manufacturing capabilities to provide customers with all-round services.

b. Further expand the enterprise territory through capital market financing.

II. Overview of Marketing and Production & Sales, Business

1. Market Analysis

(1) Main product sales area

Year / Geographic Distribution	2019		2020	
	Amount	%	Amount	%
Domestic sales	33,303	1.66	83,962	3.52
Export sales - Asia	1,969,329	98.33	2,299,131	96.42
Export sales - Other	209	0.01	1,532	0.06
Total	2,002,841	100.00	2,384,625	100.00

Note: The above classification is based on the destination of the products.

(2) Market share

The Company and its subsidiaries are mainly engaged in the research, development, design, manufacturing, and sales of solid-state capacitors. At present, its main competitors include more than 10 manufacturers such as Chemicon, Nichicon, Panasonic, Elite and OC Con. The Company has gradually expanded its production capacity and market share. Currently, it has been the largest supplier of coiled solid-state capacitors in the world with a leading position in the solid-state capacitor industry.

(3) Future market demand and supply status and growth

According to statistics, the shipment of global personal computer (PC) has declined for seven consecutive quarters and the computer industry has faced a period of stagnation. Despite the stagnation of traditional 3C industry faced by passive component factories, the future growth of the market will come from the growth of cloud and network applications, including miniaturized adapters, chargers, servers, express computing, automotive and net communication products, etc.

Solid-state capacitors have the characteristics of long life, small volume, and high-temperature resistance. In the long run, the application of solid-state capacitors will greatly increase the permeability as the price gradually approaches the traditional aluminum electrolytic capacitors, which will be the driving force for market growth in the next few years. Moreover, with less competitiveness in production costs, Japanese manufacturers gradually abandon the medium and high-end markets but focus on the high-end markets. In addition, fast charging function for smartphones greatly improves, which increases the usage of solid-state capacitors, giving the Company an opportunity to continuously expand the market share.

(4) Competitive niche

A. Experienced management team

B. Long-term management of customer relationship

C. Accumulated manufacturing experience and internal management

(5) Favorable Factors and Unfavorable Factors of the Development Prospect and Countermeasures

A. Favorable factors

a. It is not easy for competitors to gain access to customers in DT, NB, and Server factories.

b. Outstanding R&D and project management teams continuously develop and manufacture products with excellent quality to meet customer requirements.

B. Unfavorable factors

a. Prices of raw materials has risen.

Countermeasures:

In addition to maintaining good interaction and close contacts with suppliers to ensure the stability of the existing supply, the Company is also actively developing new material formulas and alternative raw materials to reduce its dependence on high-priced raw materials.

b. Development of domestic and foreign competitors

Countermeasures:

Strengthen R&D capacity and production capacity, develop differentiated products, establish partnerships with customers, increase market share of products, and expand distance and competitiveness with competitors.

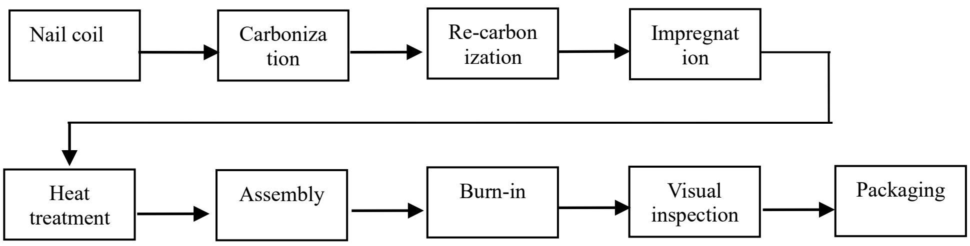
2. Major applications and production process of the main products

(1) Usage of main products

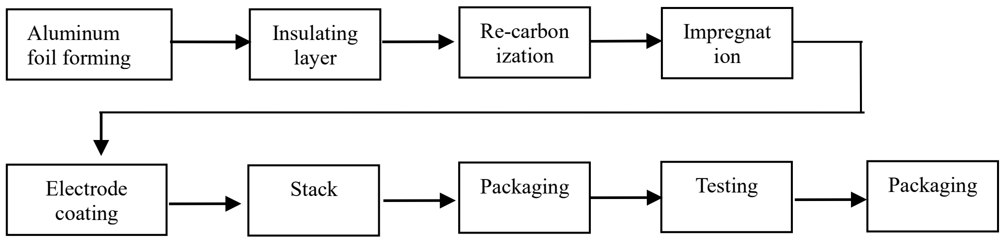
Major products	Important use
Coiled conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC
Chip-type conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC

(2) Manufacturing processes of main products

A. Coiled conductive polymer solid state capacitors



B. Chip-type conductive polymer solid state capacitors



3. Supply Status of Main Materials

Name of raw materials	State of supply
Aluminum foil	Stable and sound
Electrolytic paper	Stable and sound
Guide pin	Stable and sound
Colloidal particles	Stable and sound
Aluminum shell	Stable and sound
Polymer monomer	Stable and sound
Polymer oxidizing agent (ferrite)	Stable and sound
Carbon colloids	Stable and sound
Silver colloids	Stable and sound
Packaging colloids	Stable and sound
Lead frame	Stable and sound

4. List of Major Customers of Import and Sales

(1) Names of suppliers that accounted for more than 10% of the total purchase amount in any of the last two years, their purchase amounts and ratios, and the reasons for the increase or decrease.

Unit: NTD thousands

	2019				2020				As of first quarter 2021			
Item	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net purchases of goods for the entire year (%)	Relationship with the issuer
1	Liton Huizhou	77,141	11.68	None	Liton Huizhou	87,092	8.41	None	Liton Huizhou	13,293	5.42	None
2	Kohoku Opto-Electronics	67,734	10.26	None	Kohoku Opto-Electronics	89,260	8.62	None	Kohoku Opto-Electronics	23,489	9.58	None
3	Yu Hua New Material	35,761	5.42	None	Yu Hua New Material	125,081	12.08	None	Yu Hua New Material	25,759	10.50	None
4	Others	479,654	72.64		Others	733,949	70.89		Others	182,754	74.50	
	Net purchase	660,290	100.00		Net purchase	1,035,382	100.00		Net purchase	245,295	100.00	

Reason for increase or decrease: Adjustment of suppliers proportion.

(2) Names of clients that accounted for more than 10% of the total sales amount in any of the last two years, their sales amounts and ratios, and the reasons for the increase or decrease.

Unit: NTD thousands

	2019				2020				As of first quarter 2021			
Item	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion to net sales of goods for the entire year (%)	Relationship with the issuer
1	ASUS	316,723	15.81	None	ASUS	454,396	19.06	None	ASUS	113,964	17.41	None
2	Gigabyte	151,587	7.57	None	Gigabyte	232,231	9.74	None	Gigabyte	77,418	11.83	None
3	Others	1,534,531	76.62		Others	1,697,998	71.20		Others	463,304	70.76	
	Net sales	2,002,841	100.00		Net sales	2,384,625	100.00		Net sales	654,686	100.00	

Reasons for increases or decreases: Because of the outbreak of the pandemic in 2020, demands from MB/NB customers had increased.

5. Production value table of the most recent two years

Unit: One thousand pcs, NTD thousand

Major Product (or department) \ Production \ Year	2019			2020		
	Capacity	Volume	Value	Capacity	Volume	Value
Coiled conductive polymer solid state capacitors	1,991,000	1,693,167	1,276,896	2,455,000	2,086,001	1,433,748
Chip-type conductive polymer solid state capacitors	115,000	99,827	330,961	194,000	164,671	345,757
Total	2,106,000	1,792,994	1,607,857	2,649,000	2,250,672	1,779,505

Reasons for changes in the number: Because the outbreak of the pandemic in 2020 had driven the trend of work from home and remote learning, which stimulated the demand for MB/NB/VGA/Server/game console, etc., the production capacity was increased to meet the rising market demand.

6. Sales volume & value of the most recent two years

Unit: One thousand pcs, NTD thousand

Primary commodity \ Sales volume and value \ Year	2019				2020			
	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coiled conductive polymer solid state capacitors	19,338	30,840	1,632,630	1,744,970	47,001	64,553	1,909,267	1,929,451
Chip-type conductive polymer solid state capacitors	750	2,463	89,191	224,568	4,666	17,688	151,204	372,933
Total	20,088	33,303	1,721,821	1,969,538	51,667	82,241	2,060,471	2,302,384

Reasons for changes in the number: No material difference.

III. Number of Employees Employed during the Most Recent Two Years and Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Year		2019	2020	As of April 30, 2021
Number of employees	R&D Department	44	57	56
	Business and Administrative Department	114	130	134
	Direct Personnel	217	220	227
	Total	375	407	417
Average age		29.5	30.7	30.6
Average year of services		2.7	2.9	2.8
Academic distribution ratio	Ph.D.	1%	1%	1%
	Master	6%	7%	6%
	Junior College	28%	31%	32%
	High school	39%	39%	39%
	Below high school	26%	22%	22%

IV. Information on Environmental Protection Expenditure

1. The total amount of losses incurred due to environmental pollution in the most recent fiscal year and up to the date of publication of the annual report (including compensation and violations of environmental regulations, which shall state the penalty date, letter number, breached articles, breached article content, and the penalty content): The Company has: a) violated the Waste Disposal Act, Article 31, Paragraph 1, Subparagraph 1, for not submitting, as required, amendments to its industrial waste disposal plan to the competent authority for review and approval after improvements were made to the production capacity; b) violated the Waste Disposal Act, Article 31, Paragraph 1, Subparagraph 2, for not reporting, as required, the disposal and whereabouts of the wastes produced as a result of the additional production; c) violated the Waste Disposal Act, Article 31, Paragraph 1, and the Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste, Article 6, Paragraph 1, Subparagraph 4, for not conspicuously labeling in Chinese, as required, the names of the waste fabrics and the waste aluminum storage containers produced during the manufacturing process. The aforementioned infractions were subjected to a consolidated fine of NT$24,000 by the Bureau of Environmental Protection per citation document number 40-110030008.
2. Countermeasures and estimated amount that may occur at present or in the future, if the estimation cannot be reasonably made, its fact and reason shall be stated: Improvements have been made to the conditions leading to the fine and have been audited and approved by the Bureau of Environmental Protection. There are thus no remedial response or potential expenses.

V. Labor Relations

1. Various employee benefits of the Company, further education, training, retirement system and its implementation status, as well as the agreements between the employees and various employee rights protection measures:

(1) Employee benefits:

A. Welfare provided by the Company: In addition to labor insurance and national health insurance, employees are entitled to undertake free group insurance, travel insurance, year-end bonus, etc. as well as free health examination provided every year.

B. Staff Welfare Committee: The Company has established a Staff Welfare Committee in accordance with the staff welfare regulations to coordinate various staff welfare, promote the establishment of associations and grant financial subsidies. Annual budget and welfare plan are prepared. In addition to various subsidies for the marriage, funeral, illness and childbirth of employees, there are birthday and annual festival gifts, and various travel activities are not regularly conducted to provide physical and mental relaxation for employees and strengthen the friendship among employees.

(2) Education and training

The Company has established employee education and training procedures to help new employees adapt to the working environment, improve their working skills and abilities, and cooperate with training related to employee career development planning to meet future needs.

(3) Employee retirement plan and implementation status:

In order to enable the employees of the Company to work at ease and maintain their life after retirement, the retirement of employees is handled in accordance with the Labor Pension Regulations and relevant regulations. All employees of the Company are appropriate for the new system of retirement from work. 6% of the personal salary is deposited into the special account for the personal pension of the labor insurance bureau. If the employee makes voluntary contribution, the amount of the contribution is also deposited into the same account.

(4) labor-capital agreement and protection of employee's equities

The Company adheres to the concept of "integration of labor and capital", focuses on rational and humanized management, establishes smooth communication channels, maintains good relations between labor and capital, jointly creates productivity, shares profits, and establishes stable and harmonious labor-capital relations. All systems of the Company refer to labor-related laws and regulations such as the Labor Standards Act. Regular labor-management meetings are held to discuss and negotiate labor-related issues and promote a harmonious relationship between labor and management. Therefore, no major labor disputes occur in the most recent year and up to the date of publication of the annual report.

2. For the most recent year and up to the date of publication of the annual report, losses suffered as a result of labor disputes, and the estimated amount and countermeasures that may occur at present and in the future shall be disclosed (including compensation and violations of environmental regulations, which shall state the penalty date, letter number, breached articles, breached article content, and the penalty content). If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: For the most recent year and up to the date of publication of the annual report, the Company has not suffered any losses due to labor disputes. The Company has good labor relations, smooth communication between both parties, and extremely low possibility of future labor disputes, so there is no amount of losses that may occur in the future.

VI. Important Contracts: None

Chapter 6. Financial Information

I. Condensed Balance Sheet and Comprehensive Income Sheet in the Most Recent Five Years

(I) Condensed Balance Sheet and Comprehensive Income Sheet

Condensed Balance Sheet (Consolidated)

Unit: NTD thousand

Item / Year		Financial statements for the most recent five fiscal years (Note 1)					Financial statements as of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Current assets		1,602,599	1,829,641	2,156,964	2,157,422	2,482,274	2,515,728
Real property, plant, and equipment		843,085	866,634	1,279,218	1,176,196	1,183,327	1,197,653
Intangible assets		2,369	46,413	41,630	37,259	36,796	35,596
Other assets		103,313	178,516	262,837	283,236	334,200	390,850
Total asset value		2,551,366	2,921,204	3,740,649	3,654,113	4,036,597	4,139,827
Current liabilities	Before distribution	1,232,031	1,256,698	1,550,718	1,431,964	1,839,477	1,708,918
	After distribution	1,359,273	1,412,906	1,633,902	1,516,489	(Note 3)	N/A
Non-current liabilities		1,090	183,640	243,018	257,162	17,782	15,585
Total liabilities	Before distribution	1,233,121	1,440,338	1,793,736	1,689,126	1,857,259	1,724,503
	After distribution	1,360,363	1,596,546	1,876,920	1,773,651	(Note 3)	N/A
Equity attributable to owners of parent Company		1,318,245	1,480,866	1,946,913	1,964,987	2,179,338	2,415,324
Share capital		731,901	760,947	844,419	845,011	845,248	867,258
Capital surplus		156,231	243,704	559,411	560,800	561,362	662,834
Retained earnings	Before distribution	529,731	591,589	622,179	680,939	858,029	928,138
	After distribution	402,489	435,381	538,995	596,414	(Note 3)	N/A
Other equities		(28,332)	(44,088)	(51,199)	(121,763)	(85,301)	(42,906)
Treasury stock		(71,286)	(71,286)	(27,897)	0	0	0
Non-controlling equity		0	0	0	0	0	0
Total equity	Before distribution	1,318,245	1,480,866	1,946,913	1,964,987	2,179,338	2,415,324
	After distribution	1,191,003	1,324,658	1,863,729	1,880,462	(Note 3)	N/A

Note 1: Audited and attested by CPA.
Note 2: Reviewed by CPA.
Note 3: Distribution of earnings for 2020 is subject to the resolution of the annual shareholders' meeting. Therefore, the amount after the distribution is not listed.

Condensed Comprehensive Income Sheet (Consolidated)

Unit: NTD thousand, but the unit of earnings per share is NTD

Item \ Year	Financial statements for the most recent five fiscal years (Note 1)					Financial statements as of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Turnover	1,653,022	1,941,720	2,042,820	2,002,841	2,384,625	654,687
Gross profit	489,706	537,846	517,296	462,123	683,272	175,100
Operating profit (loss)	264,711	318,113	263,970	208,051	386,898	88,988
Non-operating income and expenses	(784)	(60,735)	(10,146)	(15,849)	(41,474)	4,547
Profit before income tax	263,927	257,378	253,824	192,202	345,424	93,535
Net income from continuing operations	204,810	189,100	182,343	139,071	261,615	70,109
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) in current period	204,810	189,100	182,343	139,071	261,615	70,109
Other comprehensive income in current period (net amount after tax)	(68,424)	(15,756)	3,762	(67,691)	36,462	42,395
Total comprehensive income	136,386	173,344	186,105	71,380	298,077	112,504
Net income attributable to owners of parent Company	204,810	189,100	182,343	139,071	261,615	70,109
Net income attributable to Non-controlling equities	0	0	0	0	0	0
Comprehensive income (loss) attributable to owners of parent Company	136,386	173,344	186,105	71,380	298,077	112,504
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0	0
Earnings per share	2.90	2.67	2.24	1.66	3.10	0.82

Note 1: Audited and attested by CPA.

Note 2: Reviewed by CPA.

Condensed Balance Sheet (Individual)

Unit: NTD thousand

Item \ Year		Financial statements for the most recent five fiscal years (Note 1)					Financial statements as of March 31, 2021 (Note 3)
		2016	2017	2018	2019	2020	
Current assets		1,280,548	1,280,709	1,669,418	1,543,435	1,574,013	
Real property, plant, and equipment		21,264	108,854	138,888	117,116	93,632	
Intangible assets		2,077	46,296	41,260	36,986	36,384	
Other assets		1,077,568	1,197,496	1,565,181	1,841,166	2,202,712	
Total asset value		2,381,457	2,633,355	3,414,747	3,538,703	3,906,741	
Current liabilities	Before distribution	1,062,122	968,849	1224,816	1,316,554	1,709,621	
	After distribution	1,189,364	1,125,057	1,308,000	1,401,079	(Note 2)	
Non-current liabilities		1,090	183,640	243,018	257,162	17,782	
Total liabilities	Before distribution	1,063,212	1,152,489	1,467,834	1,573,716	1,727,403	
	After distribution	1,190,454	1,308,697	1,551,018	1,658,241	(Note 2)	
Equity attributable to owners of parent Company		1,318,245	1,480,866	1,946,913	1,964,987	2,179,338	
Share capital		731,901	760,947	844,419	845,011	845,248	
Capital surplus		156,231	243,704	559,411	560,800	561,362	
Retained earnings	Before distribution	529,731	591,589	622,179	680,939	858,029	
	After distribution	402,489	435,381	538,995	596,414	(Note 2)	
Other equities		(28,332)	(44,088)	(51,199)	(121,763)	(85,301)	
Treasury stock		(71,286)	(71,286)	(27,897)	0	0	
Non-controlling equity		0	0	0	0	0	
Total equity	Before distribution	1,318,245	1,480,866	1,946,913	1,964,987	2,179,338	
	After distribution	1,191,003	1,324,658	1,863,729	1,880,462	(Note 2)	

Note 1: Audited and attested by CPA.

Note 2: Distribution of earnings for 2020 is subject to the resolution of the annual shareholders' meeting. Therefore, the amount after distribution is not listed.

Note 3: N/A.

Condensed Comprehensive Income Sheet (Individual)

Unit: NTD thousand, but the unit of earnings per share is NTD

Item \ Year	Financial statements for the most recent five fiscal years (Note 1)					Financial statements as of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Turnover	1,574,269	1,632,228	1,611,975	1,770,683	2,012,954	
Gross profit	288,584	292,869	370,847	235,411	425,051	
Operating profit (loss)	147,534	140,759	195,985	65,015	212,601	
Non-operating income and expenses	91,612	70,593	19,683	107,001	86,102	
Profit before income tax	239,146	211,352	215,668	172,016	298,703	
Net income from continuing operations	204,810	189,100	182,343	139,071	261,615	
Loss from discontinued operations	0	0	0	0	0	
Net income (loss) in current period	204,810	189,100	182,343	139,071	261,615	
Other comprehensive income in current period (net amount after tax)	(68,424)	(15,756)	3,762	(67,691)	36,462	
Total comprehensive income	136,386	173,344	186,105	71,380	298,077	
Net income attributable to owners of parent Company	204,810	189,100	182,343	139,071	261,615	
Net income attributable to Non-controlling equities	0	0	0	0	0	
Comprehensive income (loss) attributable to owners of parent Company	136,386	173,344	186,105	71,380	298,077	
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0	
Earnings per share	2.90	2.67	2.24	1.66	3.10	

Note 1: Audited and attested by CPA.

Note 2: N/A.

(II) Name of the CPA for the most recent year and audit opinions

Year	Accounting Firm	CPAs	Opinion
2016	KPMG Taiwan	Mei-Yu Tseng and Grace Lu	Unqualified opinion
2017	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2018	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2019	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion
2020	KPMG Taiwan	Wan-Yuan Yu and Grace Lu	Unqualified opinion

II. Financial Analysis in the Most Recent Five Years

(1) Financial analysis (consolidated)

Item analyzed (Note 3) \ Year		Financial analysis for the most recent five fiscal years (Note 1)					As of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Ratio of liabilities to assets	48.33	49.30	47.95	46.22	46.01	41.65
	Ratio of long-term capital to property, plant, and equipment	156.48	192.06	171.19	184.08	179.95	197.18
Solvency (%)	Current ratio	130.07	145.59	139.09	150.66	134.94	147.21
	Quick ratio	104.48	117.44	99.32	122.12	104.51	115.93
	Times interest earned	20.67	17.86	10.76	8.40	22.15	28.46
Operating ability	Receivables turnover rate (times)	2.54	2.39	2.84	2.73	2.44	2.50
	Average days for cash receipts	143.70	152.71	128.52	133.69	149.59	146
	Inventory turnover (times)	4.23	4.65	3.31	3.10	3.63	3.62
	Payables turnover rate (times)	5.10	4.55	5.52	6.16	4.56	4.93
	Average days for sale of goods	86.28	78.49	110.27	117.74	100.55	100.82
	Turnover rate for property, plant, and equipment (times)	1.81	2.27	1.90	1.61	1.96	2.13
	Total assets turnover rate (times)	0.66	0.70	0.61	0.54	0.62	0.64
Profitability	Return on asset (%)	8.70	7.32	6.03	4.26	7.12	5.85
	Return on equity (%)	15.67	13.51	10.63	7.11	12.62	12.20
	Net profit before tax to paid-up capital (%)	36.06	33.82	30.05	22.74	40.86	43.14
	Net profit ratio (%)	12.39	9.73	8.92	6.92	10.97	10.70
	Earnings per share (NT$)	2.90	2.67	2.24	1.66	3.10	0.82
Cash flow	Cash flow ratio (%)	10.06	22.37	8.79	27.46	19.08	4.56
	Cash flow adequacy ratio (%)	81.22	92.69	52.77	60.98	59.99	63.28
	Cash reinvestment ratio (%)	0.60	6.82	(0.68)	10.25	8.17	2.20
Leverage	Operating leverage	2.72	2.08	1.82	2.68	2.02	5.47
	Financial leverage	1.05	1.05	1.11	1.14	1.04	1.03

Description of reasons for changes to various financial ratios in the most recent two years: (analysis would not be required if the change is within 20%)

The increases in the interest coverage ratio and earnings per share were the results of the increases in the Company's gross profit and revenue due to the outbreak of the pandemic in 2020 which had catalyzed the trend of work from home and remote learning that in turn stimulated the demand for MB/NB/VGA/Server/game console, etc., and also to the addition of the cost-competitive Hubei plant for coiled solid-state capacitors to the Company's production lines that had increased operating efficiency and revenue.

Note 1: Audited and attested by CPA.

Note 2: Reviewed by CPA.

Note 3: The following calculation formulas shall be listed at the end of this Table in the annual report:

1. Financial structure
   (1) Liability to asset ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net amount of property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.
   (3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average collection days = 365/Receivables turnover rate.
   (3) Inventory turnover = Sales expense/Average inventory value.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365/Inventory turnover ratio.
   (6)Property, plant and equipment turnover＝Net sales／Average of property, plant and equipment, net
   (7) Total asset turnover ratio = Net sales/Average total PP&E value.
4. Profitability
   (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Equity remuneration rate = Net gain (loss) after tax/Average total equity value.
   (3) Net profit rate = Net gain (loss) after tax/Net sales.
   (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company - Dividend for preferred shares)/Weighted average of issued shares (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash from business activities/Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
   (3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of PP&E + Long-term investments + Other non-current assets + Business capital). (Note 5)
6. Leverage:
   (1) Operating Leverage＝(Net sales－variable operating cost and expense)／Operating income (Note 6)
   (2) Financial leverage= Operating profit/(Operating profit - Interest expenditures).

Note 4: Special attention shall be paid to the following matters when using the formula of earnings per share above:

1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.

3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.
4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note 5: Special attention should be paid to the following matters when measuring cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment value are measured at the total value of property, plant, and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, Special attention shall be paid to their reasonableness and consistency.

Financial Analysis (Individual)

Item analyzed (Note 4)	Year	Financial analysis for the most recent five fiscal years (Note 1)					As of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure (%)	Ratio of liabilities to assets	44.64	43.76	42.98	44.47	44.21	
	Ratio of long-term capital to property, plant, and equipment	6,204.54	1,529.11	1,576.76	1,293.13	1,828.51	
Solvency (%)	Current ratio	120.56	132.18	136.29	117.23	92.06	
	Quick ratio	111.97	124.83	120.14	107.36	81.05	
	Times interest earned	34.57	17.73	17.06	11.05	20.72	
Operating ability	Receivables turnover rate (times)	2.52	2.36	2.81	3.03	2.66	
	Average days for cash receipts	144.84	154.66	129.89	120.46	137.21	
	Inventory turnover (times)	12.82	16.20	9.21	9.35	9.88	
	Payables turnover rate (times)	3.54	4.05	3.54	3.87	3.91	
	Average days for sale of goods	28.47	22.53	39.63	39.03	36.94	
	Turnover rate for property, plant, and equipment (times)	75.14	25.08	13.01	11.39	13.78	
	Total assets turnover rate (times)	0.68	0.65	0.53	0.50	0.54	
Profitability	Return on asset (%)	9.18	7.99	6.40	4.39	7.38	
	Return on equity (%)	15.67	13.51	10.63	7.11	12.62	
	Net profit before tax to paid-up capital (%)	32.67	27.77	25.54	20.35	35.33	
	Net profit ratio (%)	13.00	11.58	11.31	7.85	12.99	
	Earnings per share (NT$)	2.90	2.67	2.24	1.66	3.10	
Cash flow	Cash flow ratio (%)	0.00	8.04	37.28	0.00	6.35	
	Cash flow adequacy ratio (%)	95.83	86.33	110.13	99.01	74.93	
	Cash reinvestment ratio (%)	(4.82)	(1.76)	8.26	(2.14)	0.54	
Leverage	Operating leverage	1.58	1.65	1.05	1.34	1.19	
	Financial leverage	1.05	1.09	1.07	1.35	1.07	

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)
The ratio of long-term capital to property, plant and equipment increased: Mainly due to the increase in retained earnings.
The decreases in current ratio and quick ratio: Due to the increase in current liabilities caused by the convertible corporate bond having approached within one year to maturity.
The increases in the interest coverage ratio and earnings per share: The results of the increases in the Company's gross profit and revenue due to the outbreak of the pandemic in 2020 which had catalyzed the trend of work from home and remote learning that in turn stimulated the demand for MB/NB/VGA/Server/game console, etc., and also to the addition of the cost-competitive Hubei plant for coiled solid-state capacitors to the Company's production lines that had increased operating efficiency and revenue.
The decrease of net cash flow adequacy ratio: Mainly due to a decrease in net cash flows generated from operating activities.

Note 1: Audited and attested by CPA.

Note 2: N/A.

Note 4: The following calculation formulas shall be listed at the end of this Table in the Annual Report:

1. Financial structure

(1) Liability to asset ratio = Total liabilities/Total assets.

(2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current

liabilities)/Net amount of property, plant, and equipment.

2. Solvency
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenditures)/Current liabilities.
   (3) Interest protection multiples = Income before income tax and interest expenditure/ Interest expenditures for this period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable resulting from operation) turnover = Net sales/balance of average accounts receivable (including accounts receivable and notes receivable resulting from operation).
   (2) Average collection days = 365/Receivables turnover rate.
   (3) Inventory turnover = Sales expense/Average inventory value.
   (4) Payables turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of sales/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
   (5) Average sales days = 365/Inventory turnover ratio.
   (6)Property, plant and equipment turnover＝Net sales／Average of property, plant and equipment, net
   (7) Total asset turnover ratio = Net sales/Average total PP&E value.
4. Profitability
   (1) Return on assets (ROA) = [Net income after income tax + Interest expenses * (1 - tax rate)]/Average total assets.
   (2) Equity remuneration rate = Net gain (loss) after tax/Average total equity value.
   (3) Net profit rate = Net gain (loss) after tax/Net sales.
   (4) Earnings Per Share (EPS) = (Gain (loss) attributable to the owner of the parent company - Dividend for preferred shares)/Weighted average of issued shares (Note 5)
5. Cash flow
   (1) Cash flow ratio = Net cash from business activities/Current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow for business activities for the last 5 years/(Capital expenses + Additional inventory sum + Cash dividend) for the past 5 fiscal years.
   (3) Cash re-investment ratio = (Net cash flow from business activities - Cash dividend)/(Gross amount of PP&E + Long-term investments + Other non-current assets + Business capital). (Note 6)
6. Leverage:
   (1) Operating Leverage＝(Net sales－variable operating cost and expense)／Operating income (Note 7)
   (2) Financial leverage= Operating profit/(Operating profit - Interest expenditures).

Note 5: Special attention shall be paid to the following matters when using the formula of Earnings Per Share above:

1. The calculation shall be based on the weighted average quantity of common shares, instead of the number of shares outstanding as of the end of the year.
2. When calculating the weighted average shares after capital increase or treasury stock trades, their effective term shall be taken into consideration.
3. Where retained earnings or capital surplus are transferred to common stocks, retrospective adjustment shall be made in proportion to the quantity of shares issued in calculating the semiannual or annual EPS of the year. The period for the release of such new shares may be omitted.

4. If the preferred stock is non-convertible cumulative preferred stocks, dividend for the year (whether it is being distributed or not) shall be subtracted from net profit after income tax or added to net loss after income tax. If the preferred stock is not cumulative, dividend thereon shall be subtracted from net profit after income tax if net profit after income tax is earned, or no adjustment is required if loss arises.

Note 6: Special attention should be paid to the following matters when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the cash outflow to annual capital investment.
3. The increase in inventory is included only when the balance at the end of the period is larger than the balance at the beginning of the period. If the inventory decreases at the end of the year, it shall be calculated as zero.
4. Cash dividends include the cash dividends paid to holders of common shares and preferred shares.
5. Gross property, plant and equipment value are measured at the total value of property, plant, and equipment prior to the subtraction of accumulated depreciation.

Note 7: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

III. Audit Committee's Report on the Financial Statements for the Most Recent Fiscal Year

APAQ Technology Co., Ltd.
Audit Committee Report

The Board of Directors submits upon completion of the Company's 2020 Business Report, Consolidated Financial Statements, Individual Financial Statements, and other reports, in which the Consolidated Financial Statements and Individual Financial Statements have been audited by CPA Wan-Yuan Yu and CPA Chien-Hui Lu of KPMG Taiwan, who have issued a joint audit report therefor. In addition, the Business Report, Consolidated Financial Statements, and Individual Financial Statements have been independently audited by the this Audit Committee and deemed appropriate to submit, as reported in the above, for approval according to Article 14 of the Securities and Exchange Act and Article 219 of the Company Act..

Sincerely,

2021 Regular Shareholders' Meeting of APAQ Technology Co., Ltd.

Supervisor

February 25, 2021

APAQ Technology Co., Ltd.
Audit Committee Report

The Board of Directors submits upon completion of the Company's 2020 Proposed Distribution of Net Profit, which has been audited by this Audit Committee and deemed appropriate to submit, as reported in the above, for approval according to Article 14 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2021 Regular Shareholders' Meeting of APAQ Technology Co., Ltd.

Supervisor

May 7, 2021

IV. Consolidated Financial Reports Audited and Certified by CPAs for the Most Recent Fiscal Year

Statement of Declaration

In year 2020 (from January 1 to December 31, 2020), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.
Hereby declared by

Company Name: APAQ TECHNOLOGY CO., LTD.

Chairman: Dr. DJ Zheng

February 25, 2021

Independent Auditors' Report

To the Board of Directors of APAQ Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries (the "consolidated company") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the consolidated company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (FSC).

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the consolidated company in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the consolidated company's consolidated financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV(VIII) Inventory of the consolidated financial statements. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the consolidated financial statements. Relevant details can be found in Note VI(IV) net inventory.

Description

Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one of the important evaluation items for the accountant when auditing the consolidated company's consolidated financial report.

How our audit addressed the matter:

Our main audit procedure for the above-mentioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Other Matters

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of APAQ TECHNOLOGY CO., LTD. as at and for the years ended December 31, 2020 and 2019.

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) as endorsed by the Financial Supervisory Commission (FSC), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the consolidated company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

		Wan-Yuan You
Certified public accountant	:	
		Qian-Hui Lu
Securities Competent Authority	:	(88) Taiwan-Finance-Securities-VI-18311
Approval Document No.		Jin-Guan-Zheng-Shen-Zi No. 1040007866

February 25, 2021

APAQ Technology Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

Years ended on December 31, 2020 and 2019

Unit: NT$ thousand

Code	Assets	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 683,514	17	700,953	19
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,474	4	143,891	4
1150	Notes receivable [Note VI(III)]	51,034	1	87,461	2
1170	Accounts receivable [Note VI(III)]	984,323	24	780,770	22
1180	Accounts receivable - related parties [Notes VI(III) & VII]	25,406	1	22,724	-
1310	Inventories, net [Note VI(IV)]	544,367	13	390,840	11
1476	Other financial assets - current [Note VI(VIII)]	-	-	37	-
1479	Other current assets [Note VI (IX)]	55,156	1	30,746	1
		2,482,274	61	2,157,422	59
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	136,944	3	117,349	3
1550	Investments accounted for under the equity method [Note VI(V)]	45,737	1	45,174	1
1600	Property, plant and equipment [Note VI(VI)]	1,183,327	30	1,176,196	32
1755	Right-of-use assets [Note VI(VII)]	37,627	1	30,967	2
1780	Intangible assets [Note VI(X)]	36,796	1	37,259	1
1840	Deferred income tax assets [Note VI(XV)]	45,859	1	54,726	1
1984	Other financial assets - non-current [Notes VI(VIII) & VIII]	26,351	1	25,458	1
1990	Other non-current assets [Note VI(IX)]	41,682	1	9,562	-
		1,554,323	39	1,496,691	41
	Total assets	$ 4,036,597	100	3,654,113	100

Code	Liabilities and Equity	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans [Note VI(XI)]	$ 865,000	21	924,840	25
2170	Accounts payable	430,730	11	307,178	9
2180	Accounts payable - related parties [Note VII]	2,319	-	4,968	-
2201	Payroll and bonus payable	114,188	3	79,378	2
2213	Payable on equipment	24,001	1	14,419	-
2280	Lease liabilities - current [Note VI(XIII)]	9,001	-	6,113	-
2320	Long-term liabilities due within one year [Note VI(XII)]	248,676	6	2,095	-
2399	Other current liabilities	145,562	4	92,973	3
		1,839,477	46	1,431,964	39
	Non-current liabilities:				
2530	Bonds payable [Note VI(XII)]	-	-	243,423	7
2580	Lease liabilities - non-current [Note VI(XIII)]	17,782	-	13,739	-
		17,782	-	257,162	7
	Total Liabilities	1,857,259	46	1,689,126	46
	Equity [Note VI(XII) & (XVI)]:				
3100	Share capital	845,248	21	845,011	23
3200	Capital surplus	561,362	14	560,800	15
3300	Retained earnings	858,029	21	680,939	19
3400	Other equity	(85,301)	(2)	(121,763)	(3)
	Total equity	2,179,338	54	1,964,987	54
	Total liabilities and equity	$ 4,036,597	100	3,654,113	100

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng Manager: Shi-Dong Lin Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years ended on December 31, 2020 and 2019

Unit: NT$ thousands

		2020		2019	
		Amount	%	Amount	%
4110	Net sales revenue [Notes VI(XVIII) & VII]	$ 2,384,625	100	2,002,841	100
5110	Cost of goods sold [Notes VI(IV), (XIII), (XIV), (XIX) & VII]	1,701,353	71	1,540,718	77
5950	Gross profit	683,272	29	462,123	23
6000	Operating expenses [Notes VI(XIII), (XIV), (XIX) & VII]:				
6100	Selling expenses	82,398	3	79,652	4
6200	Administrative expenses	143,270	6	120,164	6
6300	Research and development expenses	70,706	3	54,256	3
	Total operating expenses	296,374	12	254,072	13
6900	Operating income	386,898	17	208,051	10
7000	Non-operating income and expenses:				
7020	Other gains and losses [Notes VI(XII) & (XX)]	39,314	2	11,521	1
7050	Finance costs [Notes VI(XII), (XIII) & (XX)]	(16,331)	(1)	(25,956)	(1)
7100	Interest income [Notes VI(XX)]	2,153	-	5,795	-
7230	Foreign exchange gain (loss) [Note VI(XXI)]	(68,138)	(3)	(8,436)	-
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	1,528	-	1,227	-
	Non-operating income and expenses, net	(41,474)	(2)	(15,849)	-
7900	Income before income tax	345,424	15	192,202	10
7950	Less: Income tax expense [Note VI(XV)]	83,809	4	53,131	3
	Net income	261,615	11	139,071	7
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	8,178	-	(13,048)	(1)
	Total of items that may not be reclassified subsequently to profit or loss	8,178	-	(13,048)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign operations	35,355	1	(68,304)	(3)
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	(7,071)	-	13,661	1
	Total of items that may be reclassified subsequently to profit or loss	28,284	1	(54,643)	(2)
8300	Other comprehensive income, net of tax	36,462	1	(67,691)	(3)
	Total comprehensive income	$ 298,077	12	71,380	4
	Earnings per share (Unit: NT$) [Note VI(XVII)]				
9750	Basic earnings per share	$	3.10		1.66
9850	Diluted earnings per share	$	2.96		1.61

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng Manager: Shi-Dong Lin Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years ended on December 31, 2020 and 2019

Unit: NT$ thousand

	Share capital				Retained earnings				Other equity items				
	Share capital - common stocks	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Gain (loss) on equity instruments at fair value through other comprehensive income	Total	Treasury stocks	Total equity
Balance as of January 1, 2019	$ 844,419	-	844,419	559,411	107,525	44,089	470,565	622,179	(60,112)	8,913	(51,199)	(27,897)	1,946,913
Net income	-	-	-	-	-	-	139,071	139,071	-	-	-	-	139,071
Other comprehensive income	-	-	-	-	-	-	-	-	(54,643)	(13,048)	(67,691)	-	(67,691)
Total comprehensive income	-	-	-	-	-	-	139,071	139,071	(54,643)	(13,048)	(67,691)	-	71,380
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	18,235	-	(18,235)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	7,110	(7,110)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(83,184)	(83,184)	-	-	-	-	(83,184)
Transfer of treasury stocks to employees	-	-	-	-	-	-	-	-	-	-	-	38,055	38,055
Conversion of convertible bonds	-	592	592	1,389	-	-	-	-	-	-	-	-	1,981
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(10,158)	(10,158)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,873	2,873	-	(2,873)	(2,873)	-	-
Balance as of December 31, 2019	844,419	592	845,011	560,800	125,760	51,199	503,980	680,939	(114,755)	(7,008)	(121,763)	-	1,964,987
Net income	-	-	-	-	-	-	261,615	261,615	-	-	-	-	261,615
Other comprehensive income	-	-	-	-	-	-	-	-	28,284	8,178	36,462	-	36,462
Total comprehensive income	-	-	-	-	-	-	261,615	261,615	28,284	8,178	36,462	-	298,077
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	14,195	-	(14,195)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	70,564	(70,564)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(84,525)	(84,525)	-	-	-	-	(84,525)
Conversion of convertible bonds	829	(592)	237	562	-	-	-	-	-	-	-	-	799
Balance as of December 31, 2020	$ 845,248	-	845,248	561,362	139,955	121,763	596,311	858,029	(86,471)	1,170	(85,301)	-	2,179,338

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng　　Manager: Shi-Dong Lin　　Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years ended on December 31, 2020 and 2019

Unit: NT$ thousands

		2020	2019
Cash flows from operating activities:			
Income before income tax for the period	$	345,424	192,202
Adjustments:			
Income and expense items:			
Depreciation		204,253	184,418
Amortization		4,536	4,359
Net loss on financial assets and liabilities at fair value through profit or loss		-	52
Interest expense		16,331	25,956
Interest income		(2,153)	(5,795)
Dividend income		(3,012)	(8,873)
Loss on market value decline and obsolete and slow-moving inventories		-	1,500
Share of corporate profit recognized under the equity method		(1,528)	(1,227)
Loss on disposal of property, plant and equipment		249	1,410
Other non-cash expense (gain) items, net		758	132
Total income and expense items		219,434	201,932
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(156,802)	(313,833)
Inventories		(145,314)	209,250
Other operating assets		(23,691)	68,144
Accounts payable (including related parties)		115,144	124,464
Other operating liabilities		29,030	27,469
Total adjustments		37,801	317,426
Cash generated from operations		383,225	509,628
Interest received		2,153	5,795
Cash Dividends received		3,012	8,873
Interest paid		(11,952)	(22,723)
Income tax paid		(25,375)	(108,274)
Net cash generated by operating activities		351,063	393,299
Cash flows from investing activities:			
Financial assets at fair value through other comprehensive income - return of capital due to capital reduction		2,000	-
Disposal of financial assets at fair value through other comprehensive income - current-		-	82,862
Financial assets at fair value through other comprehensive gains and losses - non-current-		(8,000)	-
Disposal of financial assets measured at fair value through other comprehensive income - non-current-		-	7,500
Acquisition of property, plant and equipment		(169,543)	(152,036)
Disposal of property, plant and equipment		-	3
Acquisition of intangible assets		(4,062)	-
Decrease (Increase) in other financial assets		(556)	697
Increase in other non-current assets		(8,813)	(515)
Increase in prepayments for business facilities		(30,984)	-
Net cash used in investing activities		(219,958)	(61,489)
Cash flows from financing activities:			
Increase in short-term loans		380,000	362,580
Repayment of short-term loans		(439,236)	(537,040)
Repayment for bonds due		(1,300)	-
Repayment of lease principal		(9,043)	(5,727)
Cash dividends paid		(84,525)	(83,184)
Costs for buyback of treasury stocks		-	(13,520)
Transfer of treasury stocks to employees		-	38,055
Net cash used in financing activities		(154,104)	(238,836)
Effect of exchange rate changes		5,560	(27,730)
Increase (decrease) in cash and cash equivalents		(17,439)	65,244
Cash and cash equivalents at beginning of period		700,953	635,709
Cash and cash equivalents at end of period	$	683,514	700,953

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng　　Manager: Shi-Dong Lin　　Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2020 and 2019
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I). Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the "Company") was established on December 23, 2005 with the registered address at 4F., No. 2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's stock has been listed and traded at TWSE since December 9, 2014.

The core business of the Company and its subsidiaries (hereinafter referred to as the "consolidated company") focuses on the research, development, manufacturing and sales of electronic components.

(II). Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and issued on February 25, 2021, by the Board of Directors.

(III). Application of New and Amended Standards and Interpretations

A. Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission

Since January 1, 2020, the consolidated company has adopted below newly amended IFRSs which does not have a material impact on the consolidated financial statements.

Amendments to IFRS 3 "Definition of a Business"

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

Amendment to IAS 1 and IAS 8 "Definition of Material"

Amendments to IFRS 16 "COVID-19-related Rent Concessions"

B. Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but yet to have adopted by the Company

The consolidated company has evaluated that the aforementioned amendments effective on January 1, 2021, do not have a material impact on the consolidated financial statements.

Amendments to IFRS 4 "Defer the Effective Date of IFRS 9, Financial Instruments"

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

C. Effect of IFRSs issued by IASB but not yet endorsed by the FSC

The standards and interpretations released and amended by the International Accounting Standards Board (hereinafter referred to as "IASB") but not yet endorsed by FSC with potential impact to the consolidated company are as follows:

New or amended standards	Major amendments	Effective Date Issued by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	2023.1.1
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments clarify that costs incurred in fulfilling a contract should include the following costs that are directly related to the contract: • The incremental costs of fulfilling the contract - e.g., direct labor and raw materials; and • An allocation of other costs that relate directly to fulfilling the contracts - e.g. the allocation of depreciation expense of property, plant and equipment used in fulfilling the contract.	2022.1.1

The consolidated company is in the process of evaluating the impact on its financial position and performance by adopting the standards and interpretations mentioned above, and will disclose relevant impacts when the evaluation is completed.

The consolidated company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

IFRS 17 "Insurance Contracts" and Amendments to IAS 17

Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

Annual Improvements to IFRSs 2018-2020 cycle-

Amendments to IFRS 3 "Reference to the Conceptual Framework"

(IV). Summary of Significant Accounting Policies

The significant accounting policies applied for the consolidated financial report is as follows. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. Statement of Compliance

The consolidated financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the "Preparation Regulations" and IFRS, IAS, IFRIC interpretations and SIC interpretations endorsed and issued into effect by the FSC (hereinafter referred to as "IFRSs").

B. Basis of Preparation

1. Basis of measurement

Except for the financial assets at fair value through other comprehensive income, the consolidated financial statements have been prepared under the historical cost convention.

2. Functional currency and presentation currency

The consolidated company takes the currency of the primary economic environment in which each entity operates as the functional currency. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

C. Basis of consolidation

1. Basis for preparation of consolidated financial statements:

All subsidiaries are included in the consolidated financial statements. Subsidiaries are all entities controlled by the Company.

The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Consolidation of subsidiaries begins from the date the Company obtains control of the subsidiaries and ceases when the Company loses control of the subsidiaries. Inter-company transactions, balances and unrealized gains or losses on transactions between entities within the consolidated companies are eliminated while compiling the consolidated financial statements.

Accounting policies of subsidiaries have been adjusted so that they are consistent with that of the consolidated company.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership 2020.12.31	Percentage of Ownership 2019.12.31
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Production and sales of electronic products	100%	100%
The Company	Apaq Technology (Hubei) Co., Ltd. (Apaq Hubei)	Production and sales of electronic products	100%	100% (Note)

Note: The Company invested and established Apaq Hubei in September 2019. Apaq Hubei was included in the consolidated financial statements since the date of its investment.

3. Subsidiaries not included in the consolidated financial statements: None.

D. Foreign currency

1. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are converted into functional currency at the end of each subsequent date of financial reporting (hereinafter referred to as the reporting date) at the exchange rate on that day.

Foreign currency items measured at fair value are re-translated into functional currency according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the date of transaction.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are converted to NTD (representation currency of the consolidated financial statements) at the exchange rate on the reporting date. All income and expense items are converted to NTD at the current average exchange rate, and the difference is recognized as other comprehensive income.

E. Classification of current and non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities arising mainly from trading activities;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

F. Cash and cash equivalents

Cash includes cash on hand and current deposit. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

G. Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the consolidated company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

   For the purchase or sale of financial assets that conforms to customary transactions, the consolidated company consistently treats all purchases and sales of financial assets classified in the same manner based on the transaction date or delivery date.

   Financial assets are classified into the following categories: measured at amortized cost and measured at fair value through other comprehensive income.

The consolidated company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit and loss:

‧it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

‧its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is subsequently recognized at their initial value, plus any directly attributable transaction costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the consolidated company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

An investment through equity instrument is subsequently measured at fair value. Dividend income is recognized as equity, and the remaining net profit or loss is recognized as other comprehensive profit or loss that is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the consolidated company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Impairment of financial assets

The consolidated company recognizes loss allowances for ECL on financial assets measured at amortized cost.

The consolidated company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

‧debt securities that are determined to have low credit risk at the reporting date; and

‧other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the consolidated company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the consolidated company's historical experience and informed credit assessment as well as forward-looking information.
The consolidated company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.-
The consolidated company assumes that the credit risk on a financial asset has increased significantly if it is past due.
The consolidated company considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the consolidated company in full.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
The maximum period considered when estimating ECLs is the maximum contractual period over which the consolidated company is exposed to credit risk.
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the consolidated company in accordance with the contract and the cash flows that the consolidated company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.
The consolidated company evaluates whether there is credit impairment in measuring financial assets through amortized cost on every reporting date. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset.
The allowance loss of financial assets measured through amortized cost is deducted from the carrying amount of assets.
The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The consolidated company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The consolidated company expects that the amount written off

will not be materially reversed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the consolidated company's procedures for recovery of amounts due.

(4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the consolidated company transfers substantially all the risks and rewards of ownership of the financial assets, or when the consolidated company has neither transferred nor retained ownership of all risks and rewards or control over said financial assets.

When the consolidated company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

Debt and equity instruments issued by the consolidated company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

Equity instruments refer to any contracts containing the consolidated company's residual interest after subtracting liabilities from assets. The equity instrument issued by the consolidated company shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the consolidated company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Composite financial instruments

The composite financial instruments issued by the consolidated company refer to corporate bonds for which holders enjoy the option to convert them into capital, and the number of issued shares will not change with variation of fair value.

For the components of composite financial instruments liability, the originally recognized amount is measured at fair value through similar liability of equity conversion option. For the components of equity, the originally recognized amount is measured by the difference between fair value of overall composite financial instruments and fair value of components of liability. Any directly attributable transaction cost will be amortized to liability and equity components according to the carrying amount ratio of original liability and equity.

After initial recognition, the liability components of composite financial instruments are measured through amortized cost with effective interest rate method. The components of composite financial instruments will not be re-measured after initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liability is reclassified as equity upon conversion without being recognized as profit or loss.

(5) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(6) Derecognition of financial liabilities

The consolidated company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

(7) Offsetting of financial assets and liabilities

The consolidated company presents financial assets and liabilities on a net basis when the consolidated company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

Embedded derivatives are treated separately from the main contract when they meet certain conditions and the main contract is not a financial asset. Derivative instruments are initially measured at fair value. Subsequent measurements are based on fair value, and the resulting benefits or losses are directly recognized as profit or loss.

H. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

I Investments in associates

Associates refer to the consolidated company holding 20% to 50% of the voting rights of the investee, or less than 20% but having a significant influence on its financial and operating policies without obtaining control. They are evaluated under the equity method.

Under equity method, they are recognized through cost in original acquisition, and investment costs includes transaction costs. The carrying amount of invested associates includes identified goodwill at the time of investment less any cumulative impairment.

The consolidated financial statements include the consolidated company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the consolidated company, from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transaction between the merged consolidated company and the associate shall be recognized in the financial statements only within the scope of the interests of non-related party investors in the associate.

When the consolidated company's share of losses exceeds its interest in associates, the carrying amount of that investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the consolidated company has a present legal or constructive obligation or has made payments on behalf of the investees.

J. Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

Subsequent cost is only capitalized when the future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The estimated useful lives for the current and comparative years are as follows:

(1) Buildings: 10-20 years

(2) Machinery and instruments: 4-8 years

(3) Other equipment and others: 4-8 years

Buildings constitute mainly buildings, air-conditioning equipment and related engineering. Each constituent is depreciated based on its useful life of 20 years and 10 years, respectively.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted when necessary.

K. Lease

1. Lease judgment

The consolidated company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease. In order to evaluate whether the contract is a lease, the consolidated company evaluates the following items:

(1) The contract involves the use of an identified asset that is explicitly specified in the contract or implied by the time when it is available for use. Its entity can distinguish or represent substantially all of its production capacity. If the supplier has substantive rights to replace the asset, the asset is not an identified asset; and

(2) The right to obtain almost all economic benefits from the use of identified assets throughout the period of use; and

(3) To obtain the right to lead the use of identified assets when one of the following conditions is met:

・The client has the right to decide the use of the identified assets and the purpose of use throughout the period of use.

・Relevant decisions about the way of use and purpose of the asset are made in advance, and:

−The client has the right to operate the asset during the entire use period, and the supplier does not have the right to change the operation instructions; or

−The way in which the client plans the asset has pre-determined the way and purpose of use for the entire period of use.

Upon the conclusion of the lease or when reassessing whether the contract includes a lease, the consolidated company allocates the consideration in the contract to the individual lease components on the basis of the relative individual price. However, when leasing land and buildings, the consolidated company chooses not to distinguish between non-lease components and treats the lease component and non-lease component as a single lease component.

2. Lessee

The consolidated company recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the consolidated company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally speaking, the consolidated company adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;

(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;

(3) The residual value guarantee expected to be paid; and

(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

(1) Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;

(2) Changes in the residual value guarantee expected to be paid;

(3) Changes in the evaluation of the underlying asset purchase option;

(4) Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;

(5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The consolidated company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

For the lease of low-value underlying assets leased by the office premises, the consolidated company chooses not to recognize the right-of-use assets and lease liabilities, but the related lease payments are recognized on a straight-line basis as expenses during the lease period.

L. Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are only capitalized when they can be reliably measured, when the technical or commercial feasibility of the product or process has been achieved, when future economic benefits are likely to flow into the consolidated company, and when the consolidated company intends and has sufficient resources to complete the development for use or for sale. Other development expenditures are recognized in profit or loss when incurred. After the initial recognition, capitalized development expenditures are measured by its cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of assets less the estimated residual value. Since the intangible assets are ready for use, the straight-line method is recognized as profit or loss within their estimated useful life.

The estimated useful lives for the current and comparative years are as follows:

(1) Computer software: 3 years

(2) Royalties: 12 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

M. Impairments of non-financial assets

The consolidated company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized.

Impairment loss is recognized immediately in profit or loss, and first reduces the carrying amount of the goodwill of the cash-generating unit, and then reduces the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

N. Revenue from contract with customers

Revenue is measured based on the consideration to which the consolidated company expects to be entitled in exchange for transferring goods. The consolidated company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the consolidated company's main types of revenue are explained below:

1. Sales of goods

The consolidated company engages in business such as research, development, production, manufacturing and sales of electronic components. The consolidated company recognizes revenue when control of the products has transferred. The control of the products has transferred when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the consolidated company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consolidated company has a right to an amount of consideration that is unconditional.

2. Financial components

The consolidated company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the consolidated company does not adjust any of the transaction prices for the time value of money.

O. Government Grants

The consolidated company recognized government grants with no conditions attached as other income when the grants became receivable. Government grants intended to compensate expenses incurred or losses of the consolidated company were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

P. Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expenses for the periods during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses for the periods during which services are rendered. A liability is recognized for the amount expected to be paid if the consolidated company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Q. Share-based payment transactions

Equity-delivered share-based payment agreement is recognized at the fair value of the grant date with a corresponding increase in equity during the vesting period of the reward. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share- based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

R. Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
   (1) levied by the same taxing authority; or
   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

   A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

S. Earnings per Share

The consolidated company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The consolidated company's dilutive potential ordinary shares include convertible bonds payable and employee remuneration through the issuance of shares.

T. Operating segment information

An operating segment is a component of the consolidated company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the consolidated company). Operating results of the operating segment are regularly reviewed by the consolidated company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(V). Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the consolidated financial statements according to the Preparation Regulations and the IFRSs endorsed by the FSC, the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Accounting policies involve significant judgments. Valuation of inventories has a significant impact on the consolidated financial statements.

Inventories are stated at the lower of cost or net realizable value, and the consolidated company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to note VI(IV) for further description of the valuation of inventories.

The accounting policy and disclosure of the consolidated company include adopting fair value to measure financial, non-financial assets and liabilities. The consolidated company's finance department determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The consolidated company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The consolidated company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the transition among different levels of fair value, the consolidated company shall recognize it on the reporting date.

For the assumption used in fair value measurement, please refer to Note VI (XXI) of the financial instruments.

VI. Details of Significant Accounts

A. Cash and cash equivalents

	2020.12.31	2019.12.31
Cash and demand deposit	$ 639,866	572,028
Time deposits	43,648	128,925
Cash and cash equivalents	$ 683,514	700,953

Please refer to Note VI(XXI) for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.

Please refer to note VI(XXII) for the disclosure of credit risks.

B. Financial assets at fair value through other comprehensive income

1. Current:

	2020.12.31	2019.12.31
Domestic listed stocks	$ 138,47	143,891

The consolidated company sold a part of financial assets at fair value through other comprehensive income - current for the year ended December 31, 2019. At the time of disposal, the fair value was NT$82,862 thousand and the accumulated gains on disposal amounted to NT$10,373 thousand, which was transferred from other equity to retained earnings.

2. Non-current:

	2020.12.31	2019.12.31
Domestic and foreign unlisted common stocks -		
Foxfortune Technology Ventures Limited	$ 52,996	42,551
Inpaq Korea Co., Ltd.	1,418	701
Element I Venture Capital Co., Ltd.	16,259	20,125
Kuan Kun Electronic Enterprise Co., Ltd.	57,725	49,468
AICP Technology Corporation	1,582	4,504
Yuanxin Semiconductor Co., Limited	6,964	-
	$ 136,944	117,349

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2020.12.31			2019.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	$ 1,017	28.48	28,964	1,017	29.98	30,490

Equity instruments held by the consolidated company are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

The consolidated company acquired shares from Yuanxin Semiconductor Co., Limited for the year ended December 31, 2020 with the acquisition price of NT$8,000 thousand.

Element I Venture Capital Co., Ltd. had resolved to carry out capital reduction in the board meeting in June 2020 and returned capital of NT$2,000 thousand to the consolidated company.

The consolidated company sold part of its non-current financial assets at fair value through other comprehensive income for the year ended December 31, 2019. At the time of disposal, the fair value was NT$7,500 thousand, and the cumulative disposal loss was NT$7,500 thousand, which had been transferred from other equity to retained earnings.

The consolidated company recognized dividend income of NT$3,012 thousand and NT$8,873 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2020 and 2019, respectively.

C. Notes and accounts receivable (including related parties)

	2020.12.31	2019.12.31	2019.1.1
Notes receivable	$ 51,034	87,461	9,393
Accounts receivable	984,323	780,770	483,054
Receivables from related parties	25,406	22,724	84,675
	$ 1,060,763	890,955	577,122

The consolidated company adopts a simplified method to estimate the expected credit loss for all receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

The expected credit losses of the consolidated company's receivables (including related parties) are analyzed as follows:

	2020.12.31		
	Carrying amount of accounts receivable (including related parties)	Loss Ratio of Lifetime Expected Credit Loss	Allowance for Lifetime Expected Credit Loss
Not past due	$ 1,058,612	0%	-
Overdue for 1-90 days	2,151	0%	-
Total	$ 1,060,763		-

	2019.12.31		
	Carrying amount of accounts receivable (including related parties)	Loss Ratio of Lifetime Expected Credit Loss	Allowance for Lifetime Expected Credit Loss
Not past due	$ 880,459	0%	-
Overdue for 1-90 days	10,496	0%	-
Total	$ 890,955		-

No impairment loss has been provided for receivables (including related parties) for the years ended December 31, 2020 and 2019, respectively.

Please refer to Note VI(XXI) for details of remaining credit risk information.

D. Inventories, net

	2020.12.31	2019.12.31
Raw materials	$ 194,351	125,015
Work in process and semi-finished products	61,212	49,683
Finished goods and commodity	288,804	216,142
	$ 544,367	390,840

The details of operating costs were as follows:

	2020	2019
Cost of goods sold	$ 1,701,353	1,539,223
Loss on market value decline and obsolete and slow-moving inventories	-	1,500
Income from sale of scraps	-	(5)
	$ 1,701,353	1,540,718

E. Investments accounted for under the equity method

The summarized financial information of the consolidated company's associates accounted for under the equity method is as follows and the amount is included in the consolidated financial statements of the consolidated company:

	2020.12.31	2019.12.31
The carrying amount of equity of individually immaterial associates at end of period	$ 45,737	45,174

Share attributable to the consolidated company:

	2020	2019
Net income	$ 1,528	1,227
Other comprehensive income	-	-
Total comprehensive income	$ 1,528	1,227

F. Property, plant and equipment (PP&E)

	Buildings	Machinery and equipment	Other equipment and others	Equipment to be tested	Total
Cost:					
Balance as of January 1, 2020	$ 353,940	1,489,109	114,134	52,619	2,009,802
Addition	3,501	63,232	26,954	94,314	188,001
Disposals and obsolescence	-	(1,071)	(995)	-	(2,066)
Reclassification	-	28,436	(11,027)	(18,167)	(758)
Effect of Exchange	5,716	25,205	1,671	3,161	35,753
Balance as of December 31, 2020	$ 363,157	1,604,911	130,737	131,927	2,230,732
Balance as of January 1, 2019	$ 368,584	1,413,492	90,793	106,163	1,979,032
Addition	-	73,240	12,287	26,470	111,997
Disposals and obsolescence	-	(3,395)	(4,952)	-	(8,347)
Reclassification	-	64,751	18,368	(78,088)	5,031
Effect of Exchange	(14,644)	(58,979)	(2,362)	(1,926)	(77,911)
Balance as of December 31, 2019	$ 353,940	1,489,109	114,134	52,619	2,009,802
Depreciation:					
Balance as of January 1, 2020	$ 113,230	666,892	53,484	-	833,606
Depreciation for the current period	24,173	151,589	19,014	-	194,776
Disposals and obsolescence	-	(945)	(872)	-	(1,817)
Effect of Exchange	2,954	16,934	952	-	20,840
Balance as of December 31, 2020	$ 140,357	834,470	72,578	-	1,047,405
Balance as of January 1, 2019	$ 95,175	559,623	45,016	-	699,814
Depreciation for the current period	22,745	141,417	14,147	-	178,309
Disposals and obsolescence	-	(2,512)	(4,422)	-	(6,934)
Effect of Exchange	(4,690)	(31,636)	(1,257)	-	(37,583)
Balance as of December 31, 2019	$ 113,230	666,892	53,484	-	833,606
Carrying Amount:					
December 31, 2020	$ 222,800	770,441	58,159	131,927	1,183,327
January 1, 2019	$ 273,409	853,869	45,777	106,163	1,279,218
December 31, 2019	$ 240,710	822,217	60,650	52,619	1,176,196

G. Right-of-use assets

	Land use rights	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2020	$ 11,497	24,497	1,082	37,076
Addition	-	15,974	-	15,974
Deduction	-	(531)	-	(531)
Effect of foreign exchange rate changes	181	-	-	181
Balance as of December 31, 2020	$ 11,678	39,940	1,082	52,700
Balance as of January 1, 2019	$ 11,974	18,413	1,082	31,469
Addition	-	6,084	-	6,084
Effect of foreign exchange rate changes	(477)	-	-	(477)
Balance as of December 31, 2019	$ 11,497	24,497	1,082	37,076
Depreciation of right-of-use assets:				
Balance as of January 1, 2020	$ 284	5,342	483	6,109
Depreciation for the current period	276	8,718	483	9,477
Deduction	-	(531)	-	(531)
Effect of foreign exchange rate changes	18	-	-	18
Balance as of December 31, 2020	$ 578	13,529	966	15,073
Balance as of January 1, 2019	$ -	-	-	-
Depreciation for the current period	284	5,342	483	6,109
Balance as of December 31, 2019	$ 284	5,342	483	6,109
Carrying amount of right-of-use assets:				
December 31, 2020	$ 11,100	26,411	116	37,627
December 31, 2019	$ 11,213	19,155	599	30,967

H. Other financial assets - current and non-current

	2020.12.31	2019.12.31
Refundable deposits	$ 26,351	25,458
Other receivables	-	37
	$ 26,351	25,495

I. Other assets - current and non-current

	2020.12.31	2019.12.31
Credits of business tax and incremental value tax	$ 38,012	17,677
Prepayments for business facilities deposit	30,104	7,182
Prepaid expenses	24,971	-
Prepayment	513	721
Deferred expenses and others	3,238	14,728
	$ 96,838	40,308

J. Intangible assets

		Computer software	Royalty fees	Total
Cost:				
Balance as of January 1, 2020	$	4,573	45,038	49,611
Separate acquisition		4,062	-	4,062
Effect of exchange rate changes		27	-	27
Balance as of December 31, 2020	$	8,662	45,038	53,700
Balance as of January 1, 2019	$	4,643	45,038	49,681
Effect of exchange rate changes		(70)	-	(70)
Balance as of December 31, 2019	$	4,573	45,038	49,611
Amortization:				
Balance as of January 1, 2020	$	4,220	8,132	12,352
Amortization for the period		783	3,753	4,536
Effect of exchange rate changes		16	-	16
Balance as of December 31, 2020	$	5,019	11,885	16,904
Balance as of January 1, 2019	$	3,672	4,379	8,051
Amortization for the period		606	3,753	4,359
Effect of exchange rate changes		(58)	-	(58)
Balance as of December 31, 2019	$	4,220	8,132	12,352
Carrying Amount:				
December 31, 2020	$	3,643	33,153	36,796
January 1, 2019	$	971	40,659	41,630
December 31, 2019	$	353	36,906	37,259

K. Short-term loans

		2020.12.31	2019.12.31
Unsecured bank loans	$	865,000	924,84
Unused facilities	$	981,352	365,14
Interest rate range		0.88%~ 1.03%	1.1%~ 3.56198%

L. Convertible bonds payable

1. The Company issued the first domestic unsecured convertible corporate bonds on March 1, 2017. The issuance period is three years. Relevant information in the financial statements is as follows:

		2020.12.31	2019.12.31
Total amount of convertible corporate bonds issued	$	300,000	300,00
Less: Unamortized bonds payable discount		-	(5
Less: Accumulated converted common stocks		(298,700)	(297,900
Less: Repayment upon maturity		(1,300)	-
Balance of bonds payable at end of period (recognized under long-term liabilities due within one year)	$	-	2,09

		2020	2019
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	$	-	2
Interest expense	$	3	8

The Company's first unsecured convertible corporate bonds matured on March 1, 2020, and the TPEx trading was terminated on the business day following the maturity date. According to Article 6 of the Company's issuance and conversion rules, the Company will make a one-time cash redemption payment based on the remaining face value of the bonds upon maturity.

The conversion price of the first-time issuance of unsecured convertible corporate bonds was NT$33.8 for both March 1, 2020 (maturity date) and December 31, 2019.

When the Company issues the above-mentioned converted corporate bonds, it separates the share options and liabilities, and separately recognizes equity and liabilities. The breakdown is as follows:

Item	Amount
Converted corporate bond issuance	$ 300,000
Fair value of embedded non-equity derivatives at the time of issuance	180
Issue cost	(5,307)
Fair value of corporate bonds at the time of issuance	(279,243)
Equity composition items - stock options (listed in the capital reserve - stock options)	$ 15,630

After separating the above-mentioned embedded derivative instruments, the effective interest rate of the Company's first unsecured conversion of corporate bonds was 2.38%.

Please refer to Note VI(XVI) for the first unsecured conversion of corporate bonds into ordinary shares for the years ended December 31, 2020 and 2019, respectively.

2. The Company issued the second domestic unsecured conversion of corporate bonds on April 27, 2018. The issuance period is three years. The relevant information in the financial statements is as follows:

	2020.12.31	2019.12.31
Total amount of convertible corporate bonds issued	$ 250,000	250,000
Less: Unamortized bonds payable discount	(1,324)	(6,577)
Less: long-term liabilities due within one year	(248,676)	-
Bonds payable at end of period	$ -	243,423

	2020	2019
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	$ -	50
Interest expense	$ 5,253	5,138

The significant terms of the issuances are as follows:

(1) Conversion price and adjustments:

April 19, 2018 is set as the conversion price base date, and the simple arithmetic average of the closing prices of the common shares of the first, third, and fifth business days of the Company before (excluding) the base day is chosen as the base price before multiplying the base price by 103.38% premium rate to calculate the basis. (Calculated to the NTD jiao and rounded up cent). In the case of ex-equity or ex-dividend before the base date, the closing price of the conversion price to be calculated by sampling shall be the price after deducting equity or dividend; the conversion price shall be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-dividend from the date of decision to the actual date of issue. The conversion price at the time of issuance was NT$63 per share. The conversion price on December 31, 2020 and 2019 were NT$56.2 and NT$58 respectively.

(2) The Company's redemption right for the aforementioned conversion of corporate bonds:

i. The above-mentioned converted corporate bonds shall start one month after the issuance date to forty days before the expiration of the issuance period. When the price reaches more than 30% (inclusive), the Company may notify the creditors within 30 business days thereafter to recover the principal bond of the bond holder in cash according to the denomination of the bond.

ii. From the day following one month after the issuance of the converted corporate bond to forty days before the expiration of the issuance period, if the outstanding balance in circulation is less than 10% of the original issuance amount, the Company may notify the creditors at any time thereafter. The face value of the bond is recovered in cash to the bond holder's principal bond.

When the Company issues the above-mentioned converted corporate bonds, it separates the share options and liabilities, and separately recognizes equity and liabilities. The breakdown is as follows:

Item	Amount
Converted corporate bond issuance	$ 250,000
Fair value of embedded non-equity derivatives at the time of issuance	525
Issue cost	(4,196)
Fair value of corporate bonds at the time of issuance	(234,504)
Equity composition items - stock options (listed in the capital reserve - stock options)	$ 11,825

After separating the above-mentioned embedded derivative instruments, the effective interest rate of the Company's second unsecured conversion of corporate bonds was 2.13%.

The redemption rights of embedded derivatives of unsecured convertible corporate bonds were recognized by the Company as financial assets at fair value through profit or loss - current both amounted for NT$0 on December 31, 2020 and 2019.

M. Lease liabilities

The carrying amount of the consolidated company's lease liability is as follows:

	2020.12.31	2019.12.31
Current	$ 9,001	6,113
Non-current	$ 17,782	13,739

For maturity analysis, please refer to Note VI(XXI) Financial instruments.

	2020	2019
Interest expense on lease liabilities	$ 350	230
Expense for leases of low-value assets	$ 70	75

The amounts recognized in the statements of cash flows are:

	2020	2019
Total cash outflow for lease	$ 9,463	6,032

1. Leasing of houses and buildings

   The consolidated company leased houses and buildings as office premises and factory buildings on December 31, 2020 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires. Some of the above-mentioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the consolidated company. These options are only enforceable by the consolidated company, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

2. Other leases

   The lease period for leasing office premises of the consolidated company is two years. These leases are for low-value assets, and the consolidated company chooses to apply the exemption recognition requirement instead of recognizing the right-of-use assets and lease liabilities.

N. Employee benefits

The consolidated company allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance, Ministry of Labor in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the consolidated company allocates a fixed amount to the Bureau of Labor Insurance, Ministry of Labor without additional legal or constructive obligation. The consolidated company's pension costs under the defined contribution plan were NT$3,560 thousand and NT$3,170 thousand for the years ended December 31, 2020 and 2019, respectively, and were contributed to the Bureau of Labor Insurance.

In addition, the pension expenses recognized by the foreign subsidiaries for the years ended December 31, 2020 and 2019 in accordance with relevant local laws and regulations were NT$165 thousand and NT$709 thousand respectively.

O. Income Tax

1. Income tax expense

The amount of the consolidated company's income tax expenses for the years ended December 31, 2020 and 2019 was as follows:

		2020	2019
Current income tax expense (benefit)			
Current income tax expenses	$	83,478	53,192
Current income tax from adjustment of prior period		(1,465)	324
		82,013	53,516
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		1,796	(385)
Current income tax expenses	$	83,809	53,131

2. The amount of income tax expense recognized in other comprehensive income was as follows:

		2020	2019
Exchange differences on translation of foreign operations	$	(7,071)	13,661

3. The reconciliation of income tax expenses and income before income tax was as follows:

		2020	2019
Income before income tax	$	345,424	192,202
Income tax at the Company's domestic tax rate		69,085	38,440
Effect of different tax rates in foreign jurisdictions		9,000	3,903
Additional tax on undistributed earnings		-	3,913
Permanent difference and others		7,189	6,551
Over (under)-provision in prior periods		(1,465)	324
Total	$	83,809	53,131

4. Deferred tax assets and liabilities

As of December 31, 2020 and 2019, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company plans to use undistributed earnings for permanent investment rather than distribution. The amounts are as follows:

		2020.12.31	2019.12.31
Undistributed earnings from subsidiaries	$	617,381	486,132
Unrecognized deferred tax liabilities	$	(123,476)	(97,226)

5. Recognized deferred tax assets (liabilities)

Deferred income tax assets

	2019.1.1	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2019.12.31	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2020.12.31
Loss for market price decline and obsolete and slow-moving inventories	$ 419	(300)	-	719	-	-	719
Unrealized expenses	8,493	(10,575)	-	19,068	5,622	-	13,446
Unrealized profit between associates	18,667	15,834	-	2,833	(3,926)	-	6,759
Exchange differences on translation of foreign operations	13,290	-	(13,661)	26,951	-	7,071	19,880
Unrealized exchange loss	-	(4,689)	-	4,689	12	-	4,677
Other	556	90	-	466	88	-	378
	$ 41,425	360	(13,661)	54,726	1,796	7,071	45,859

Deferred income tax liabilities

	2019.1.1	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2019.12.31	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2020.12.31
Unrealized exchange gains	$ (745)	(745)	-	-	-	-	-

6. The ROC income tax authorities have examined the Company's income tax returns through 2018.

P. Capital and other equity

1. Share capital

As of December 31, 2020 and 2019, the authorized capital of the Company amounted to NT$2,000,000 thousand, of which included the amount of NT$60,000 thousand reserved for employee share options; the issued capital amounted to NT$845,248 thousand and NT$845,011 thousand, respectively at NT$10 per share.

The reconciliation for outstanding shares is as follows (expressed in thousands of shares):

	Common Stocks	
	2020	2019
Balance as of January 1	84,502	83,514
Buyback of treasury stocks	-	(330)
Conversion of convertible bonds	23	60
Transfer of treasury stocks to employees	-	1,258
Balance at December 31	84,525	84,502

The Company issued 23 thousand and 60 thousand common stocks for the conversion of corporate bonds for the year ended December 31, 2020 and 2019. As of December 31, 2020, the statutory registration procedures were completed and the stocks were reclassified as share capital - common stocks. The net increase in capital reserves due to the conversion of corporate bonds for the year ended December 31, 2020 and 2019 was NT$562 thousand and NT$1,389 thousand, respectively.

2. Capital surplus

	2020.12.31	2019.12.31
Share premium	$ 320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852
Subscription right to convertible corporate bonds	11,890	11,935
Treasury stock transactions	3,642	3,642
Premium from conversion of corporate bonds to common stocks	217,212	216,605
	$ 561,362	560,800

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital

(2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to NT$6,954 thousand. In accordance with Jin-Guan-Zheng-Fa-Zi No. 1010012865 issued by the FSC, the net increase of NT$6,236 thousand in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve generated due to the above-mentioned reasons amounted to NT$6,236 thousand as of December 31, 2020.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end profit, it shall firstly make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the above-mentioned amounts, together with the balance of the unappropriated retained earnings of the previous year as dividends to shareholders, to be proposed by the Board of Directors to be approved at the shareholders' meeting.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the Company is in a life cycle is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder dividends, in cash or stock forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

The appropriation of earnings of the two most recent years was approved during shareholders' meetings held on June 17, 2020 and June 19, 2019, respectively. Information on dividends appropriated to owners is as follows:

	2019		2018	
	Dividends per share	Amount	Dividends per share	Amount
Dividends distributed to owners of common stocks:				
Cash (NT$)	$ 1	84,525	0.98510218	83,184

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2020 appropriation of earnings, the Board of Directors would draft a proposal to be resolved at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS).

4. Treasury stocks

The Company offers treasury stocks and buys back shares from the Taiwan Stock Exchange. The increase/decrease caused by the buyback are listed as follows:

Unit: 1,000 shares

	2019				
Reason for Buyback	Number of shares - beginning	Increase	Transfer	Cancelled	Number of shares - ending
Transfer to employees	928	330	(1,258)	-	-

In accordance with provisions of the Securities and Exchange Act, the share buyback rate shall not exceed 10% of total number of shares issued by the Company. The total amount of buyback shares shall not exceed the sum of retained earnings, share premium and realized capital surplus. In accordance with provisions of the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

The Company has transferred all treasury shares to employees for the year ended December 31, 2019. As the transfer price is higher than the market price, no compensation cost was recognized.

Q. Earnings per Share (EPS)

		2020	2019
Basic EPS:			
Net income attributable to the Company	$	261,615	139,071
Weighted average number of common stocks outstanding (in thousands of shares)		84,512	83,959
Basic EPS (NT$)	$	3.10	1.66
Diluted EPS:			
Net income attributable to the Company	$	261,615	139,071
Post-tax interest on convertible corporate bonds		4,200	4,110
Net income attributable to common stocks	$	265,815	143,181
Weighted average number of common stocks outstanding (in thousands of shares)		84,512	83,959
Effect of potential diluted ordinary shares:			
Employee compensation to be distributed in stocks		698	549
Convertible corporate bonds		4,448	4,310
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)		89,658	88,818
Diluted EPS (NT$)	$	2.96	1.61

R Revenue of customer contract

		2020	2019
Main geographical areas			
China	$	2,296,770	1,967,714
Taiwan		83,962	33,303
Other Countries		3,893	1,824
	$	2,384,625	2,002,841
Major products			
Coiled conductive polymer solid capacitors	$	1,991,814	1,775,810
Chip-type conductive polymer solid state appliances		392,811	227,031
	$	2,384,625	2,002,841

S. Employee compensations and remuneration for Directors

The Company's Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$28,528 thousand and NT$16,437 thousand as employee compensation and NT$8,391 thousand and NT$4,834 thousand as remuneration for Directors for the years ended December 31, 2020 and 2019, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of common stocks on the day preceding the Board of Directors' meeting.

The amounts allocated for remunerations to employees and Directors for the year ended December 31, 2019 were NT$16,437 thousand and NT$4,834 thousand, respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

T. Non-operating income and expenses

1. Interest income

		2020	2019
Interests on bank deposits	$	2,060	5,786
Other interest income		93	9
	$	2,153	5,795

2. Other gains and losses, net

		2020	2019
Subsidy income	$	30,147	6,425
Dividend income		3,012	8,873
Service income		1,686	-
Financial asset valuation loss		-	(52)
Loss on disposal of property, plant and equipment		(249)	(1,410)
Other		4,718	(2,315)
	$	39,314	11,521

3. Finance costs

		2020	2019
Interest expenses of corporate bonds	$	5,256	5,226
Interest expenses of loans		10,725	20,500
Interest expense on lease liabilities		350	230
	$	16,331	25,956

U. Financial instruments

1. Credit risk

(1) Maximum credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount of credit risk exposure.

(2) Credit risk concentration

The consolidated company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the consolidated company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As at December 31, 2020 and 2019, 48% and 42% of the consolidated company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note VI(III) for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The above-mentioned financial assets have low credit risk, so the allowance loss of the period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) for details on how the consolidated company determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities (including the impact of interest payable):

	Carrying Amount	Contract Cash Flow	Less than 6 months	6-12 months-	More than 12 months
December 31, 2020					
Non-derivative financial liabilities					
Short-term loans	$ 865,000	866,126	866,126	-	-
Accounts payable (including related parties)	433,049	433,049	433,049	-	-
Payroll and bonus payable	114,188	114,188	114,188	-	-
Payable on equipment	24,001	24,001	24,001	-	-
Lease liabilities (including current and non-current)	26,783	27,319	4,730	4,532	18,057
	$ 1,463,021	1,464,683	1,442,094	4,532	18,057
December 31, 2019					
Non-derivative financial liabilities					
Short-term loans	$ 924,840	927,628	927,628	-	-
Accounts payable (including related parties)	312,146	312,146	312,146	-	-
Payable on equipment	14,419	14,419	2,770	11,649	-
Lease liabilities (including current and non-current)	19,852	20,274	3,192	3,117	13,965
	$ 1,271,257	1,274,467	1,245,736	14,766	13,965

3. Exchange rate risk

(1) Exchange rate risk exposure

The consolidated company's financial assets and liabilities exposed to material exchange rate risk were as follows:

	2020.12.31			2019.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 40,494	28.48	1,153,269	34,796	29.98	1,043,184
RMB	45,670	4.3648	199,340	54,101	4.2975	232,499
Financial liabilities						
Monetary items						
USD	1,638	28.48	46,650	10,427	29.98	312,601

(2) Sensitivity analysis

The consolidated company's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the years ended on December 31, 2020 and 2019 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2020 and 2019 with all other variables held constant were as follows:

	Fluctuation	2020	2019
NT dollars	1% depreciation against USD	$ 8,853	5,845
	1% appreciation against USD	$ (8,853)	(5,845)
	1% depreciation against RMB	$ 1,595	1,860
	1% appreciation against RMB	$ (1,595)	(1,860)

(3) Exchange gain/loss of monetary items

As the consolidated company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange losses (including realized and unrealized) for the years ended on December 31, 2020 and 2019 were NT$68,138 thousand and NT$8,436 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the consolidated company is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the years ended on December 31, 2020 and 2019 due to interest rate changes with all other variables held constant were as follows:

	Fluctuation	2020	2019
Annual borrowing rate	Increase by 1%	$ (6,920)	(7,399)
	Decrease by 1%	$ 6,920	7,399

5. Other price risk

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	2020		2019	
Prices of securities at the reporting date	Other comprehensive income, net of tax	Net income	Other comprehensive income, net of tax	Net income
Increase by 1%	$ 2,754	-	2,612	-
Decrease by 1%	(2,754)	-	(2,612)	-

6. Fair value and information

(1) Type and fair value of financial instruments

The consolidated company's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2020.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 138,474	138,474	-	-	138,474
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 136,944	-	-	136,944	136,944
Convertible bonds payable (including bonds due within one year)	$ 248,676	278,400	-	-	278,400

	2019.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 143,891	143,891	-	-	143,891
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 117,349	-	-	117,349	117,349
Convertible bonds payable (including bonds due within one year)	$ 245,518	264,571	-	-	264,571

(2) Fair value valuation technique of financial instruments not at fair value
The methods and assumptions adopted by the consolidated company for valuating instruments not at fair value were as follows:
For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. If market values are not available, valuation method would be adopted. Estimations and assumptions adopted in the valuation method are to measure fair value at discounted cash flows.

(3) Fair value valuation technique of financial instruments at fair value
The redemption rights of embedded derivatives are based on an appropriate option pricing model.

(4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(5) Details of changes in Level 3 fair value hierarchy:

	Financial asset at fair value through other comprehensive income - equity investments without an active market
Balance as of January 1, 2020	$ 117,349
New addition	8,000
Proceeds from capital reduction	(2,000)
Total gains and losses	
Recognized in other comprehensive income	13,595
Balance as of December 31, 2020	$ 136,944
Balance as of January 1, 2019	$ 121,084
Disposals	(7,500)
Total gains and losses	
Recognized in other comprehensive income	3,765
Balance as of December 31, 2019	$ 117,349

The aforementioned total gains and losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of December 31, 2020 and 2019, gains or losses of assets in the book amounted to gain of NT$21,945 thousand and NT$8,349 thousand, respectively.

(6) Quantitative information for fair value measurement of significant unobservable inputs (level 3)
The consolidated company classified financial assets at fair value through other comprehensive income - non-current as level 3. It had multiple significant unobservable inputs which were independent from each other; therefore, there is no correlation between them. The quantitative information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Net asset value method	• Net asset value • Marketability discount (10% and 20% for December 31, 2020 and December 31, 2019)	• N/A • The higher the marketability discount, the lower the fair value.
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Market approach	• Price-book ratio (3.39 for December 31, 2019) • Marketability discount (25% for December 31, 2019)	• The higher the price-book ratio, the higher the fair value. • The higher the marketability discount, the lower the fair value.

V. Financial risk management

1. Overview

The consolidated company is exposed to the following risks due to usage of financial instruments:

(1) Credit risk
(2) Liquidity risk
(3) Market risk

This note presents information about the consolidated company's exposure to each of the above risks, the consolidated company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

2. Risk management framework

The Board of Directors is solely responsible for overseeing the risk management of the consolidated company. The consolidated company's risk management policies are formulated to identify and analyze the risks faced by the consolidated company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the consolidated company's activities.

The financial management department of the Company provides services to the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the consolidated company by analyzing the internal risk reports of the risks according to the level and scope of risks. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risks).

3. Credit risk

The main credit risk the consolidated company faces is caused by the potential impact of the counterparty or other party of the financial asset transaction failing to meet its contractual obligations. The consolidated company deposits its cash in creditworthy banks with low credit risk.

The main credit risk arises from financial products derived from cash and accounts receivable. The consolidated company deposits its cash in various financial institutions. The consolidated company controls exposure to the credit risk of each financial institution and believes that there is no concentration of significant credit risk for the cash.

The credit risk exposure of the consolidated company is influenced by the conditions of each individual customer. The management also considers the statistical data on the basis of consolidated company customers, including the default risk of industry and country, as these factors play a role in credit risk. To lower credit risk, management of the consolidated company appoints a dedicated team to make decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the consolidated company reviews the recoverable amount of all accounts receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable accounts receivable.

The consolidated company did not provide any endorsements or guarantees to parties other than the subsidiaries for the years ended on December 31, 2020 and 2019.

4. Liquidity risk

Liquidity risk is the risk that the consolidated company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The method of the consolidated company adopts for managing liquidity lies in ensuring sufficient working capital to pay for due liabilities under normal and pressing circumstances so as to avoid unacceptable losses or risk of damage to goodwill. The consolidated company supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The consolidated company's management supervises bank financing conditions and ensures compliance with loan contracts.

5. Market risk

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as exchange rate and interest rate. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Currency risk

The consolidated company is exposed to currency risk arising out of sales, procurement and loan transaction through functional currency valuation from its entities. The consolidated company's functional currency is New Taiwan dollars. The main valuation currencies for these types of transactions includes RMB and USD.

Loan interest is denominated in the currency of the loan. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the operation of the consolidated company, which is mainly NTD and USD. This provides economic hedging without signing derivatives, so hedging accounting is not adopted.

For monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the consolidated company purchases or sells foreign currencies at the real-time exchange rate to ensure that net risk exposure remains at an acceptable level.

(2) Interest rate risk

The short-term borrowings of the consolidated company are debts with floating interest rates, so changes in market interest rates will cause the effective interest rate of short-term borrowings to change accordingly, leading to fluctuations in future cash flows.

W. Capital management

The primary objective of the consolidated company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The consolidated company operates in an industry with rapid changes, intensive capital and technologies in a life cycle is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder cash dividends shall not be lower than 10% of the distributable surplus of the year.

The consolidated company's management periodically reassesses the capital structure, with the scope covering capital costs of various categories and related risks. The consolidated company will distribute dividend, issue new stocks, repurchase shares, or repay old debts among other methods to balance its overall capital structure in accordance with the recommendations of its management.

The consolidated company's debt-to-adjusted-capital ratio at the reporting date was as follows:

	2020.12.31	2019.12.31
Total liabilities	$ 1,857,259	1,689,126
Less: Cash and cash equivalents	(683,514)	(700,953)
Net liabilities	$ 1,173,745	988,173
Total equity	$ 2,179,338	1,964,987
Debt-to-capital ratio	53.86%	50.29%

X. Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the years ended December 31, 2020 and 2019 were as follows:

1. For non-cash investing and financing activities where convertible corporate bonds were converted into common stocks, please refer to Note VI(XII) for details.
2. For right-of-use assets obtained via leases, please refer to Note VI(VII).
3. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2020.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2020.12.31
Short-term loans	$ 924,840	(59,236)	(604)	-	865,000
First issuance of convertible corporate bonds	2,095	(1,300)	-	(795)	-
Second issuance of convertible corporate bonds	243,423	-	-	5,253	248,676
Lease liabilities	19,852	(9,043)	-	15,974	26,783
	$ 1,190,210	(69,579)	(604)	20,432	1,140,459

			Non-cash changes		
	2019.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2019.12.31
Short-term loans	$ 1,103,585	(174,460)	(4,285)	-	924,840
First issuance of convertible corporate bonds	3,988	-	-	(1,893)	2,095
Second issuance of convertible corporate bonds	238,285	-	-	5,138	243,423
Lease liabilities	19,495	(5,727)	-	6,084	19,852
	$ 1,365,353	(180,187)	(4,285)	9,329	1,190,210

(VII). Related Party transactions

A. Related parties' name and relationships

Name of related party	Relationship with the consolidated company
Shenzhen Gather Electronics Science Co., Ltd.	An associate to the consolidated company
INPAQ Technology Co., Ltd.	Key management of the consolidated company

B. Significant transactions with related parties

1. Operating revenue

	2020	2019
Shenzhen Gather Electronics Science Co., Ltd.	$ 32,963	37,656

The sales price to related parties and non-related parties is determined by the specifications of the products being sold, and some products are given discounts of varying degrees depending on the quantity sold. Therefore, the price to related parties and non-related parties is not significantly different. The credit terms of related parties are 120 days from end of month. The credit terms of general customers are determined by the individual client's past transaction experience and the results of credit evaluation and they range between 60 to 150 days from end of month.

2. Purchases

	2020	2019
Shenzhen Gather Electronics Science Co., Ltd.	$ 5,952	6,135

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 120 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of Related Parties	2020.12.31	2019.12.31
Receivables from related parties	Shenzhen Gather Electronics Science Co., Ltd.	$ 24,709	22,724

4. Payables to related parties

Financial Statement Account	Category of Related Parties	2020.12.31	2019.12.31
Payables to related parties	Shenzhen Gather Electronics Science Co., Ltd.	$ 2,319	4,968

5. Other transactions

The consolidated company engaged in service contracts associated with winding machines with related parties. Service income generated were NT$1,686 thousand for the years ended December 31, 2020. As of December 31, 2020, receivables from related parties from the above transactions amounted to NT$697 thousand.

C. Major managerial personnel transactions

Remuneration of major managerial personnel includes:

	2020	2019
Short-term employee benefits	$ 41,317	25,183
Benefits after retirement	408	406
	$ 41,725	25,589

(VIII). Pledged Assets

Details of carrying amount of assets pledged by the consolidated company were as follows:

Pledged Assets	Purpose of Pledge	2020.12.31	2019.12.31
Other financial assets - non-current	Purchase guarantee, investment guarantee, etc.	$ 26,351	25,458

(IX). Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

(X). Significant Disaster Loss: None.

(XI). Significant Subsequent Events: None.

(XII). Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Salary expense	219,130	156,675	375,805	181,618	125,513	307,131
Labor and health insurance expense	642	6,941	7,583	476	6,504	6,980
Pension expense	342	3,383	3,725	477	3,402	3,879
Other employee benefits expenses	2,817	7,223	10,040	3,016	6,519	9,535
Depreciation	179,092	25,161	204,253	162,080	22,338	184,418
Amortization	79	4,457	4,536	74	4,285	4,359

(XIII).Supplementary Disclosures

A. Information on significant transactions

Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," information of significant transactions which shall be disclosed by the consolidated company is as follows:

1. Financing provided to others:

No.	Lending Company	Borrower	Transaction Account	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount Actually Drawn	Interest rate range	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral Name	Collateral Value	Limit on Financing to A Single Party	Total Limit on Financing
0	The Company	APAQ Wuxi	Other Receivables — Related Parties	Yes	453,750	170,880	-	2.896%	Business Transaction	1,555,794		-		-	871,735	871,735
0	The Company	APAQ Hubei	Other Receivables — Related Parties	Yes	176,940	170,880	-	2.896%	Short-term Financing	-	Business Needs of Subsidiary	-		-	871,735	871,735

Note 1. For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2. Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/Guarantee Provider	Object of Endorsements/Guarantees Name	Object of Endorsements/Guarantees Relation	Limit on Endorsements/Guarantees Provided for A Single Party	Maximum Balance in Current Period	Ending Balance of Endorsement and Guarantee	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
0	The Company	APAQ Wuxi	Subsidiary	2,179,338	453,750	199,360	-	-	9.75%	2,179,338	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,179,338	206,430	199,630	-	-	9.75%	2,179,338	Y	N	Y

Note 1. The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

Note 2. The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's consolidated financial statements as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remark
				Shares	Carrying Amount	Shareholding %	Fair Value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income - current-	4,710	138,474	4.64%	138,474	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current-	1,000	52,996	5.80%	52,996	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current-	18	1,418	10.73%	1,418	
The Company	Chia Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	1,800	16,259	3.64%	16,259	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	3,770	57,725	5.39%	57,725	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	240	1,582	3.20%	1,582	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income - non-current-	800	6,964	11.43%	6,964	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: None.

5. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.

6. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.

7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital: None.

Company Name	Name of the Counterparty	Relation	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remark
			Purchases/sales	Amount	Ratio of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
The Company	APAQ Wuxi	Subsidiary	Purchases	1,555,794	98 %	60 days	-	Note 1	415,060	96.00%	Note 2

Note 1. The payment period of general suppliers ranges from 30 days to 90 days on the monthly statement, and the payment period for Apaq Wuxi is 60 days.

Note 2. Related transactions and closing balances have been eliminated from the consolidated financial statements.

8. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital: None.

9. Trading in derivative instruments: Please refer to Notes VI(XII).

10. Business relation and important transactions between parent company and subsidiaries:

No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Conditions of Transactions			
				Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Purchases	1,555,794	60 days	65%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Sales	93,419	60 days	4%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts receivable	30,684	-	1%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts payable	415,060	-	10%

B. Information on reinvestment:
The information on investees is as follows (excluding investees in Mainland China):

Name of Investor	Name of investees	Location	Primary Business	Original Investment Amount		Ending Balance			Highest ownership during the period	Net Income (Loss) of the Investee	Share of Profit/Loss	Remark
				End of the Period	End of Last Year	Shares	%	Carrying Amount				
The Company	APAQ Samoa	Samoa	Holding	1,377,960	1,288,569	44,504	100.00%	1,848,176	100.00%	105,887	87,508	Note 1

Note 1. Share of profit/loss includes adjustments for upstream transactions between affiliates.

Note 2. Related transactions and closing balances have been eliminated from the consolidated financial statements.

C. Information on investments in Mainland China:
1. Information on reinvestments in Mainland China

Name of Investee	Primary Business	Paid-in Capital (Note 4)	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee	The Company's Percentage of Direct or Indirect Ownership	Highest ownership during the period	Investment Gains (Losses) Recognized in the Current Period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Earnings	Remark
					Outward Remittance (Note 4)	Recovery								
APAQ Wuxi	Production and sales of electronic components	1,187, (USD41,700 thousand)	Note 1	1,203,723 (USD38,700 thousand)	89,390 (USD3,000 thousand)	-	1,293,113 (USD41,700 thousand)	107,913	100.00%	100.00%	107,913 Note 3	1,823,989	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	43 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	3,747	35.00%	35.00%	1,528 Note 3	45,737	-	
APAQ Hubei	Production and sales of electronic components	113 (USD4,000 thousand)	Note 2	15,590 (USD500 thousand)	104,960 (USD3,500 thousand)	-	120,550 (USD4,000 thousand)	25,362	100.00%	100.00%	25,362 Note 3	151,914	-	

2. Limits on reinvestments in Mainland China

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Upper limit on investment authorized by Investment Commission, MOEA
1,458,561(USD45,700 thousand and RMB9,800 thousand)	1,515,521(USD47,700 thousand and RMB9,800 thousand)	(Note 5)

Note 1. Investment in Mainland China indirectly through a third area.

Note 2. Direct investment in Mainland China.

Note 3. It was recognized based on financial statements of the same period audited by CPAs.

Note 4. The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 47,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2020, there was still an approved investment amount of USD2,000 thousand, which had yet to be remitted.

Note 5. The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Significant transactions:

Please refer to the "Information on significant transactions" for direct or indirect material transactions between the consolidated company and investees in China (which have been eliminated during the preparation of consolidated financial statements) for the years ended December 31, 2020.

D. Information on major shareholders:

Unit: Shares

Shareholding / Name of Major Shareholder	No. of Shares Held	Shareholding %
Hua Cheng Venture Capital Co., Ltd.	10,668,012	12.62%
Prosperity Dielectrics Co., Ltd.	5,280,000	6.24%
INPAQ Technology Co., Ltd.	4,776,329	5.65%
Walton Advanced Engineering, Inc.	4,591,000	5.43%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

(XIV). Segment Information

A. General information and segment information

The consolidated company focuses on producing ultra-small, high temperature-resistant, long life, low impedance electrolytic capacitors and cooperates with customers to develop and manufacture high voltage capacitors, chip capacitors, organic semiconductor solid capacitors and high energy storage capacitors. It is a single operating segment. The information of the operating segment is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheets for segment information.

B. Information on product categories

The information of revenue from external customers for the consolidated company was as follows:

	2020	2019
Coiled conductive polymer solid capacitors	$ 1,991,814	1,775,810
Chip-type conductive polymer solid state appliances	392,811	227,031
	$ 2,384,625	2,002,841

C. Geographical information

The consolidated company compiled the following information with the revenue based on geographic location of customers and non-current assets based on the geographical location of assets.

	2020	2019
Revenue from external customers:		
China	$ 2,296,770	1,967,714
Taiwan	83,962	33,303
Others	3,893	1,824
	$ 2,384,625	2,002,841
Non-current assets:		
China	$ 1,139,212	1,078,616
Taiwan	160,220	175,368
	$ 1,299,432	1,253,984

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

D. Major customer information

Customers accounting for more than 10% of the consolidated company's net operating revenues include:

	2020		2019	
	Amount	% of net operating revenues for the current period	Amount	% of net operating revenues for the current period
AsusTek Computer Inc.	$ 454,396	19	316,723	16
Customer G	232,231	10	151,587	8
	$ 686,627	29	468,310	24

V. Individual Financial Reports Audited and Certified by CPAs for the Most Recent Fiscal Year

Independent Auditors' Report

To the Board of Directors of APAQ Technology Co., Ltd.

Opinion

We have audited the accompanying balance sheets of APAQ TECHNOLOGY CO., LTD. as at December 31, 2020 and 2019, and the related statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the parent company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the section titled "Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements." We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not express a separate opinion on these matters. Key audit matters for the Company's financial statements of the current period are stated as follows:

Inventory assessment

For accounting policies related to inventory assessment, please refer to Note IV (VII) Inventory of the financial report. For accounting estimates and assumption uncertainty for inventory assessment, please refer to Note V of the parent company only financial statements. Relevant details can be found in Note VI(IV) net inventory.

Description:

Since inventory is measured by the lower of cost and net realizable value, companies need to employ judgments and estimates to determine the net realizable value of inventory on the reporting date. Due to the rapid evolution in technology, the net realizable value fluctuates and potentially leads to significant changes. Therefore, the assessment for the allowance for price decline in inventories is one of the important evaluation items for the accountant when auditing the Company's parent company only financial report.

How our audit addressed the matter:

Our main audit procedure for the above-mentioned key matters includes obtaining the inventory aging report and checking the general ledger, selecting appropriate samples from the inventory aging report to compare with the transaction documents to verify that the inventory has been placed in the appropriate interval of the inventory aging report, understanding the management's strategy for calculating the net realizable value and checking relevant documents, evaluating the reasonableness of the inventory price decline and the policy for taking stock of obsolete and slow-moving inventories, assessing whether the inventory evaluation has been implemented in accordance with the established accounting policies, and evaluating whether the management's disclosure for allowance for price decline in inventories is reasonable.

Responsibilities of Management and Governing Bodies for the parent company only financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Investee companies accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

		Wan-Yuan You
Certified public accountant	:	
		Qian-Hui Lu
Securities Competent Authority Approval Document No.	:	(88) Taiwan-Finance-Securities-VI-18311 Jin-Guan-Zheng-Shen-Zi No. 1040007866

February 25, 2021

APAQ Technology Co., Ltd.
Balance Sheets
Years ended on December 31, 2020 and 2019

Unit: NT$ thousand

		2020.12.31		2019.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 406,447	10	453,063	13
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,474	4	143,891	4
1170	Accounts receivable [Note VI(III)]	796,098	20	652,640	18
1180	Accounts receivable - related parties [Notes VI(III) & VII]	30,684	1	32,283	1
1210	Other accounts receivables - related parties [Note VII]	5,665	-	122,888	4
1310	Inventories, net [Note VI(IV)]	189,147	5	131,024	4
1479	Other current assets [Note VI(VIII)]	7,498	-	7,646	-
		1,574,013	40	1,543,435	44
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	136,944	4	117,349	3
1550	Investments accounted for under the equity method [Note VI(V) and VII]	1,985,178	51	1,643,854	46
1600	Property, plant and equipment [Note VI(VI)]	93,632	2	117,116	3
1755	Right-of-use assets [Note VI(VII)]	26,527	1	19,754	1
1780	Intangible assets [Note VI(IX)]	36,384	1	36,986	1
1840	Deferred income tax assets [Note VI(XIV)]	45,859	1	54,726	2
1984	Other financial assets - non-current [Notes VIII]	4,527	-	3,971	-
1990	Other non-current assets [Note VI(VIII)]	3,677	-	1,512	-
		2,332,728	60	1,995,268	56
	Total assets	**$ 3,906,741**	**100**	**3,538,703**	**100**

		2020.12.31		2019.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans [Note VI(X)]	$ 865,000	22	834,900	24
2170	Accounts payable	16,120	-	9,018	-
2180	Accounts payable - related parties [Note VII]	415,060	11	368,526	11
2201	Payroll and bonus payable	82,181	2	52,054	1
2213	Payable on equipment	3,354	-	2,955	-
2280	Lease liabilities - current [Note VI(XII)]	9,001	-	6,113	-
2320	Long-term liabilities due within one year [Note VI(XI)]	248,676	7	2,095	-
2399	Other current liabilities	70,229	2	40,893	1
		1,709,621	44	1,316,554	37
	Non-current liabilities:				
2530	Bonds payable [Note VI(XI)]	-	-	243,423	7
2580	Lease liabilities - non-current [Note VI(XII)]	17,782	-	13,739	-
		17,782	-	257,162	7
	Total Liabilities	1,727,403	44	1,573,716	44
	Equity [Note VI(XI) & (XV)]:				
3100	Share capital	845,248	22	845,011	24
3200	Capital surplus	561,362	14	560,800	16
3300	Retained earnings	858,029	22	680,939	19
3400	Other equity	(85,301)	(2)	(121,763)	(3)
	Total equity	2,179,338	56	1,964,987	56
	Total liabilities and equity	**$ 3,906,741**	**100**	**3,538,703**	**100**

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng　　Manager: Shi-Dong Lin　　Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd.
Statements of Comprehensive Income
Years ended on December 31, 2020 and 2019

Unit: NT$ thousands

		2020		2019	
		Amount	%	Amount	%
4110	**Net sales revenue** [Notes VI(XVII) & VII]	$ 2,012,954	100	1,770,683	100
5110	**Cost of goods sold** [Notes VI(IV), (XIII), (XVIII) & VII]	1,583,203	79	1,535,272	87
5950	**Gross profit**	429,751	21	235,411	13
5910	Add: Unrealized sales profit and loss [Note VII]	(4,700)	-	3,260	-
5900	**Realized gross profit**	425,051	21	238,671	13
6000	**Operating expenses** [Notes VI(XIII), (XVIII) & VII]:				
6100	Selling expenses	50,198	2	51,148	3
6200	Administrative expenses	91,546	5	68,252	4
6300	Research and development expenses	70,706	3	54,256	3
	Total operating expenses	212,450	10	173,656	10
6900	**Operating income**	212,601	11	65,015	3
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(XI) & (XIX)]	11,791	1	13,230	1
7050	Finance costs [Notes VI(XI), (XII) & (XIX)]	(15,144)	(1)	(17,105)	(1)
7100	Interest income [Notes VII]	2,594	-	9,004	1
7230	Foreign exchange gain (loss) [Note VI(XX)]	(26,009)	(1)	(17,921)	(1)
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	112,870	5	119,793	7
	Non-operating income and expenses, net	86,102	4	2018,001	7
7900	**Income before income tax**	298,703	15	172,016	10
7950	**Less: Income tax expense** [Note VI(XIV)]	37,088	2	32,945	2
	Net income	261,615	13	139,071	8
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	8,178	-	(13,048)	(1)
	Total of items that may not be reclassified subsequently to profit or loss	8,178	-	(13,048)	(1)
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	35,355	2	(68,304)	(4)
8399	Less: Income tax related to items that may be reclassified [Note VI(XIV)]	(7,071)	-	13,661	1
	Total of items that may be reclassified subsequently to profit or loss	28,284	2	(54,643)	(3)
8300	**Other comprehensive income, net of tax**	36,462	2	(67,691)	(4)
	Total comprehensive income	$ 298,077	15	71,380	4
	Earnings per share (Unit: NT$) [Note VI(XVI)]				
9750	Basic earnings per share	$ 3.10		1.66	
9850	Diluted earnings per share	$ 2.96		1.61	

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng   Manager: Shi-Dong Lin   Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd.
Statements of Change in Equity
Years ended on December 31, 2020 and 2019

Unit: NT$ thousand

	Share capital				**Retained earnings**				**Other equity items**				
	Share capital - common stocks	**Capital collected in advance**	**Total**	**Capital surplus**	**Legal reserve**	**Special reserve**	**Unappropriated earnings**	**Total**	**Exchange differences on translation of foreign operations**	**Gain (loss) on equity instruments at fair value through other comprehensive income**	**Total**	**Treasury stocks**	**Total equity**
Balance as of January 1, 2019	$ 844,419	-	844,419	559,411	2018,525	44,089	470,565	622,179	(60,112)	8,913	(51,199)	(27,897)	1,946,913
Net income	-	-	-	-	-	-	139,071	139,071	-	-	-	-	139,071
Other comprehensive income	-	-	-	-	-	-	-	-	(54,643)	(13,048)	(67,691)	-	(67,691)
Total comprehensive income	-	-	-	-	-	-	139,071	139,071	(54,643)	(13,048)	(67,691)	-	71,380
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	18,235	-	(18,235)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	7,110	(7,110)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(83,184)	(83,184)	-	-	-	-	(83,184)
Transfer of treasury stocks to employees	-	-	-	-	-	-	-	-	-	-	-	38,055	38,055
Conversion of convertible bonds	-	592	592	1,389	-	-	-	-	-	-	-	-	1,981
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(10,158)	(10,158)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,873	2,873	-	(2,873)	(2,873)	-	-
Balance as of December 31, 2019	844,419	592	845,011	560,800	125,760	51,199	503,980	680,939	(114,755)	(7,008)	(121,763)	-	1,964,987
Net income	-	-	-	-	-	-	261,615	261,615	-	-	-	-	261,615
Other comprehensive income	-	-	-	-	-	-	-	-	28,284	8,178	36,462	-	36,462
Total comprehensive income	-	-	-	-	-	-	261,615	261,615	28,284	8,178	36,462	-	298,077
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	14,195	-	(14,195)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	70,564	(70,564)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(84,525)	(84,525)	-	-	-	-	(84,525)
Conversion of convertible bonds	829	(592)	237	562	-	-	-	-	-	-	-	-	799
Balance as of December 31, 2020	**$ 845,248**	**-**	**845,248**	**561,362**	**139,955**	**121,763**	**596,311**	**858,029**	**(86,471)**	**1,170**	**(85,301)**	**-**	**2,179,338**

(See the attached notes to parent company only financial statements)

Chairman: Dr. DJ Zheng Manager: Shi-Dong Lin Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd.
Statements of Cash Flows
Years ended on December 31, 2020 and 2019

Unit: NT$ thousands

		2020	2019
Cash flows from operating activities:			
Income before income tax for the period	$	298,703	172,016
Adjustments:			
Income and expense items:			
Depreciation		38,398	30,962
Amortization		4,445	4,274
Net loss on financial assets and liabilities at fair value through profit or loss		-	52
Interest expense		15,144	17,105
Interest income		(2,594)	(9,004)
Dividend income		(3,012)	(8,873)
Loss on market value decline and obsolete and slow-moving inventories		-	1,500
Share of corporate profit recognized under the equity method		(112,870)	(119,793)
Gain on disposal of property, plant and equipment		(3,450)	(3,976)
Unrealized sale profits (losses) between associates		4,700	(3,260)
Total income and expense items		(59,239)	(91,013)
Changes in operating assets and liabilities:			
Accounts receivable		(143,458)	(237,872)
Accounts receivable - related parties		1,599	35,053
Other accounts receivable - related parties		(6,874)	45,746
Inventories		(58,123)	64,744
Other operating assets		147	3,182
Accounts payable		7,102	1,867
Accounts payable - related parties		46,534	(39,328)
Other operating liabilities		34,319	3,488
Total adjustments		(177,993)	(214,133)
Net cash inflows from operating activities		120,710	(42,117)
Interest received		5,039	10,404
Cash dividends received		3,012	8,873
Interest paid		(10,240)	(12,094)
Income tax paid		(9,794)	(64,052)
Net cash outflows from operating activities		108,727	(98,986)
Cash flows from investing activities:			
Disposal of financial assets at fair value through other comprehensive income - current-		-	82,862
Financial assets at fair value through other comprehensive income - return of capital due to capital reduction		2,000	-
Financial assets at fair value through other comprehensive gains and losses - non- current-		(8,000)	-
Disposal of financial assets measured at fair value through other comprehensive income - non-current-		-	7,500
Acquisition of investments accounted for under equity method		(194,350)	(187,853)
Acquisition of property, plant and equipment		(4,959)	(12,890)
Disposal of property, plant and equipment		-	3
Decrease in other receivables - related parties-		122,230	64,370
Acquisition of intangible assets		(3,843)	-
Increase in other financial assets		(556)	(193)
Decrease (increase) in other non-current assets		(408)	103
Increase in prepayments for business facilities		(2,113)	-
Net cash used in investing activities		(89,999)	(46,098)
Cash flows from financing activities:			
Increase in short-term loans		380,000	270,000
Repayment of short-term loans		(353,215)	(105,000)
Repayment for bonds due		(1,300)	-
Repayment of lease principal		(9,043)	(5,727)
Cash dividends paid		(84,525)	(83,184)
Costs for buyback of treasury stocks		-	(13,520)
Transfer of treasury stocks to employees		-	38,055
Net cash flows from financing activities		(68,083)	100,624
Effect of exchange rate changes		2,739	(3,675)
Decrease in cash and cash equivalents		(46,616)	(48,135)
Cash and cash equivalents at beginning of period		453,063	501,198
Cash and cash equivalents at end of period	$	406,447	453,063

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng   Manager: Shi-Dong Lin   Accounting Manager: Pei-Ling Li

APAQ Technology Co., Ltd.
Notes to Parent Company Only Financial Statements
2020 and 2019
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(I). Company History

APAQ TECHNOLOGY CO., LTD. (hereinafter referred to as the Company) was established on December 23, 2005 with the registered address at 4F., No.2 and 6, Kedong 3rd Rd., Zhunan Township, Miaoli County. The Company's stock has been listed and traded at TWSE since December 9, 2014.

The core business of the Company focuses on the research, development, manufacturing and sales of electronic components.

(II.) Approval Date and Procedures of the Parent Company Only Financial Statements

The parent company only financial statements were approved and issued on February 25, 2021, by the Board of Directors.

(III.) Application of New and Amended Standards and Interpretations

A. Impact of adopting newly issued or amended standards and interpretations endorsed by the Financial Supervisory Commission

Since January 1, 2020, the Company has adopted below newly amended IFRSs which does not have a material impact on the parent company only financial statements.

Amendments to IFRS 3 "Definition of a Business"

Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

Amendment to IAS 1 and IAS 8 "Definition of Material"

Amendments to IFRS 16 "COVID-19-related Rent Concessions"

B. Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The Company has evaluated that the aforementioned amendments effective on January 1, 2021, do not have a material impact on the parent company only financial statements.

Amendments to IFRS 4 "Defer the Effective Date of IFRS 9, Financial Instruments"

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

C. Effect of IFRSs issued by IASB but not yet endorsed by the FSC

The standards and interpretations released and amended by the International Accounting Standards Board but not yet endorsed by FSC with potential impact to the Company are as follows:

New or amended standards	Major amendments	Effective Date Issued by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	2023.1.1
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments clarify that costs incurred in fulfilling a contract should include the following costs that are directly related to the contract: ·The incremental costs of fulfilling the contract - e.g., direct labor and raw materials; and ·An allocation of other costs that relate directly to fulfilling the contracts - e.g., the allocation of depreciation expense of property, plant and equipment used in fulfilling the contract.	2022.1.1

The Company is in the process of evaluating the impact on its financial position and performance by adopting the standards and interpretations mentioned above, and will disclose relevant impacts when the evaluation is completed.

The Company has evaluated that the below standards released and amended but not yet endorsed do not have a material impact on the parent company only financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

IFRS 17 "Insurance Contracts" and Amendments to IAS 17

Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"

Annual Improvements to IFRSs 2018-2020 cycle-

Amendments to IFRS 3 "Reference to the Conceptual Framework"

(IV). Summary of Significant Accounting Policies

The significant accounting policies applied for the parent company only financial report is as follows. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A. Statement of compliance

The parent company only financial statements have been prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

B. Basis of Preparation

1. Basis of measurement

Except for the financial assets at fair value through other comprehensive income, the parent company only financial statements have been prepared under the historical cost convention.

2. Functional currency and presentation currency

The Company takes the currency of the primary economic environment in which it operates as the functional currency. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The unit for all amounts expressed are in thousands of NTD unless otherwise stated.

C. Foreign currency

1. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are converted into functional currency at the end of each subsequent date of financial reporting (hereinafter referred to as the reporting date) at the exchange rate on that day.

Foreign currency items measured at fair value are re-translated into functional currency according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the date of transaction.

Foreign currency exchange differences arising from conversion are generally recognized in profit or loss, but equity instruments designated as fair value through other comprehensive income are recognized in other comprehensive income.

2. Foreign operations

Assets and liabilities of foreign operations are converted to NTD (representation currency of the parent company only financial statements) at the exchange rate on the reporting date. All income and expense items are converted to NTD at the current average exchange rate, and the difference is recognized as other comprehensive income.

D. Classification of current and non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:

1. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
2. Assets held mainly for trading purposes;
3. Assets that are expected to be realized within twelve months from the balance sheet date; or
4. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:

1. Liabilities that are expected to be paid off within the normal operating cycle;
2. Liabilities arising mainly from trading activities;
3. Liabilities that are to be paid off within twelve months from the balance sheet date; or
4. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

E. Cash and cash equivalents

Cash includes cash on hand and current deposit. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

F. Financial instruments

The accounts receivable and debt securities issued were originally recognized when they were generated. All other financial assets and financial liabilities were recognized when the Company became a party to the financial instrument contract. Financial assets that are not measured at fair value through profit or loss (other than accounts receivable that do not contain a significant financing component) or financial liabilities are originally measured at fair value plus the transaction costs directly attributable to the acquisition or issuance. The accounts receivable that do not contain a significant financing component are measured at transaction prices.

1. Financial assets

   For the purchase or sale of financial assets that conforms to customary transactions, the Company consistently treats all purchases and sales of financial assets classified in the same manner based on the transaction date or delivery date.

Financial assets are classified into the following categories: measured at amortized cost and measured at fair value through other comprehensive income.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets from the next reporting period.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit and loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is subsequently recognized at their initial value, plus any directly attributable transaction costs using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign currency profit or loss and impairment loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Financial assets measured at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

An investment through equity instrument is subsequently measured at fair value. Dividend income is recognized as equity, and the remaining net profit or loss is recognized as other comprehensive profit or loss that is not reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Impairment of financial assets

The Company recognizes loss allowances for ECL on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.-

The Company assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due and the borrower is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

The Company evaluates whether there is credit impairment in measuring financial assets through amortized cost on every reporting date. When there is one or more events arising that will bring unfavorable influence to expected future cash flow, there is already credit impairment to the financial asset.

The allowance loss of financial assets measured through amortized cost is deducted from the carrying amount of assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Company analyzes the timing and amount of the write-off individually on the basis of whether it can reasonably be expected to be recovered. The Company expects that the amount written off will not be materially reversed. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets, or when the Company has neither transferred nor retained ownership of all risks and rewards or control over said financial assets.

When the Company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equities

Debt and equity instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity transactions

Equity instruments refer to any contracts containing the Company's residual interest after subtracting liabilities from assets. The equity instrument issued by the Company shall be recognized by the payment net of the direct cost of issuance.

(3) Treasury stock

When buying back the equity instruments recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a decrease in equity. The repurchased shares are classified as treasury stocks. For subsequent sales or re-issuance of treasury stocks, the amount received is recognized as an increase in equity, and the remaining or loss generated by the transaction is recognized as a capital reserve or retained surplus (if the capital reserve is insufficient for the offsetting).

(4) Composite financial instruments

The composite financial instruments issued by the Company refer to corporate bonds for which holders enjoy the option to convert them into capital, and the number of issued shares will not change with variation of fair value.

For the components of composite financial instruments liability, the originally recognized amount is measured at fair value through similar liability of equity conversion option. For the components of equity, the originally recognized amount is measured by the difference between fair value of overall composite financial instruments and fair value of components of liability. Any directly attributable transaction cost will be amortized to liability and equity components according to the carrying amount ratio of original liability and equity.

After initial recognition, the liability components of composite financial instruments are measured through amortized cost with effective interest rate method. The components of composite financial instruments will not be re-measured after initial recognition.

Interest related to financial liabilities is recognized as profit or loss. Financial liability is reclassified as equity upon conversion without being recognized as profit or loss.

(5) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives, or designated at initial recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value. All related net benefits and losses, including any interest expenses, are recognized as profit or loss.

Other financial liabilities are measured at amortized cost by the effective interest method. Interest income and foreign currency profit or loss are recognized as profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. When the terms of financial liabilities are modified and the cash flow of the modified liabilities is significantly different, the original financial liabilities are excluded and the new financial liabilities are recognized at fair value based on the revised terms.

When derecognizing financial liabilities, the difference between the carrying amount of a financial liability and the consideration paid (including all transferred non-cash assets or liabilities) is recognized in non-operating income and expenses.

(7) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments

Embedded derivatives are treated separately from the main contract when they meet certain conditions and the main contract is not a financial asset. Derivative instruments are initially measured at fair value. Subsequent measurements are based on fair value, and the resulting benefits or losses are directly recognized as profit or loss.

G. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the standard cost method and includes expenditure and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

H. Investments in subsidiaries

In preparation of parent company only financial statements, the Company uses equity method for investments with controlling interests. Under equity method, allocated amount in income (loss) of parent company only financial statements, consolidated financial statements prepared, and other comprehensive income (loss) attributable to shareholders of the parent company are the same. Shareholders' equity in parent company only financial statements and equity attributable to shareholders of the parent Company in consolidated financial statements are the same.

If change of ownership in the Company's subsidiaries does not lead to loss of control, the change is considered equity transaction between shareholders.

I. Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

As the useful life of property, plant and equipment varies, they are deemed as independent items (main components) for treatment.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognized as non-operating income and expenses.

2. Subsequent cost

Subsequent cost is only capitalized when the future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The estimated useful lives for the current and comparative years are as follows:

(1) Machinery and instruments: 4-8 years

(2) Other equipment and others: 3-8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted when necessary.

J. Lease

1. Lease judgment

The Company evaluates whether the contract is a lease or contains a lease upon the conclusion of the contract. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or contains a lease. In order to evaluate whether the contract is a lease, the Company evaluates the following items:

(1) The contract involves the use of an identified asset that is explicitly specified in the contract or implied by the time when it is available for use. Its entity can distinguish or represent substantially all of its production capacity. If the supplier has substantive rights to replace the asset, the asset is not an identified asset; and

(2) The right to obtain almost all economic benefits from the use of identified assets throughout the period of use; and

(3) To obtain the right to lead the use of identified assets when one of the following conditions is met:

・The client has the right to decide the use of the identified assets and the purpose of use throughout the period of use.

・Relevant decisions about the way of use and purpose of the asset are made in advance, and:

－The client has the right to operate the asset during the entire use period, and the supplier does not have the right to change the operation instructions; or

－The way in which the client plans the asset has pre-determined the way and purpose of use for the entire period of use.

Upon the conclusion of the lease or when reassessing whether the contract includes a lease, the Company allocates the consideration in the contract to the individual lease components on the basis of the relative individual price. However, when leasing land and buildings, the Company chooses not to distinguish between non-lease components and treats the lease component and non-lease component as a single lease component.

2. Lessee

The Company recognizes the right-of-use asset and lease liability upon the inception of the lease. The right-of-use asset is initially measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the inception of the lease and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any lease incentive.

The right-of-use asset is subsequently depreciated on a straight-line basis between the inception of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the Company regularly assesses whether the right-of-use asset is impaired and treats any impairment loss that has occurred, as well as cooperating to adjust the right-of-use asset when the lease liability is remeasured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid at the inception of the lease. If the implicit interest rate of the lease is easy to determine, it is applied as the discount rate. If it is not easy to determine, the incremental borrowing rate of the Company is used. Generally speaking, the Company adopts the incremental borrowing rate as the discount rate.

Lease payments in the measurement of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;
(2) Variable lease payments dependent upon certain indicators or rates are measured by the indicators or rates used at the inception of the lease;
(3) The residual value guarantee expected to be paid; and
(4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and the amount is measured when the following occurs:

(1) Changes in the indicator or rate used to determine lease payments result in changes in future lease payments;
(2) Changes in the residual value guarantee expected to be paid;
(3) Changes in the evaluation of the underlying asset purchase option;
(4) Changes in the estimate of whether to exercise the extension or termination option and the assessment of the lease period;
(5) Modification of lease subject, scope or other terms.

When the lease liability is remeasured due to changes in the aforementioned indicator or rate used to determine lease payments, changes in the residual value guarantee, and changes in the evaluation of purchase, extension or termination options, the carrying amount of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the remeasured amount of the lease liability is recognized in profit or loss.

The Company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

K. Intangible assets

1. Recognition and measurement

Expenditures related to research activities are recognized as profit or loss when incurred.

Development expenditures are only capitalized when they can be reliably measured, when the technical or commercial feasibility of the product or process has been achieved, when future economic benefits are likely to flow into the Company, and when the Company intends and has sufficient resources to complete the development for use or for sale. Other development expenditures are recognized in profit or loss when incurred. After the initial recognition, capitalized development expenditures are measured by its cost less accumulated amortization and accumulated impairment.

2. Subsequent expenditures

Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3. Amortization

Except for goodwill, amortization is calculated based on the cost of assets less the estimated residual value. Since the intangible assets are ready for use, the straight-line method is recognized as profit or loss within their estimated useful life.

The estimated useful lives for the current and comparative years are as follows:

(1) Computer software: 3 years

(2) Royalties: 12 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be adjusted when necessary.

L. Impairments of non-financial assets

The Company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred income tax assets) may be impaired. If there is any sign of impairment, an estimate is made of its recoverable amount. An impairment test is conducted on goodwill on a yearly basis.

For the purpose of impairment test, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group. Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect of the merger.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell, and its value in use. When evaluating the value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks for the asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized.

Impairment loss is recognized immediately in profit or loss, and first reduces the carrying amount of the goodwill of the cash-generating unit, and then reduces the carrying amount of each asset in proportion to the carrying amount of other assets in the unit.

The impairment loss of goodwill will not be reversed. Non-financial assets other than goodwill will only be reversed if they do not exceed the carrying amount (less depreciation or amortization) determined when no impairment loss had been recognized for the asset in the previous year.

M. Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good to a customer. The accounting policies for the Company's main types of revenue are explained below:

1. Sales of goods

The Company engages in business such as research, development, production, manufacturing and sales of electronic components. The Company recognizes revenue when control of the products has transferred. The control of the products has transferred when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2. Financial components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

N. Government grants

The Company recognized government grants with no conditions attached as other income when the grants became receivable. Government grants intended to compensate expenses incurred or losses of the Company were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

O. Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expenses for the periods during which services are rendered by employees.

2. Short-term employee benefits

Obligations for short-term employee benefits are recognized as expenses for the periods during which services are rendered. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

P. Share-based payment transactions

Equity-delivered share-based payment agreement is recognized at the fair value of the grant date with a corresponding increase in equity during the vesting period of the reward. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share- based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

Q. Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date, as well as tax adjustments related to prior years. The amount is based on the statutory tax rate at the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
   (1) levied by the same taxing authority; or
   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

   A deferred tax asset should be recognized for the carry forward of unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized. Such unused tax credits and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax credits and deductible temporary differences can be utilized.

R. Earnings per Share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares include convertible bonds payable and employee remuneration through the issuance of shares.

S. Operating segment information

The Company has disclosed information of operating segments in consolidated financial statements. Therefore, related information is not disclosed in the parent company only financial statements.

(V). Significant Accounting Judgments, Estimates and Key Sources of Uncertainty over Assumptions

When preparing the parent company only financial statements according to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Accounting policies involve significant judgments. Valuation of inventories has a significant impact on the parent company only financial statements.

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting date. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Please refer to Note (VI)D. for further description of the valuation of inventories.

The accounting policy and disclosure of the Company include adopting fair value to measure financial, non-financial assets and liabilities. The Company's finance department determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. the Company also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

C. Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
For the transition among different levels of fair value, the Company shall recognize it on the reporting date.
For the assumption used in fair value measurement, please refer to Note VI(XX) of the financial instruments.

(VI). Details of Significant Accounts

A. Cash and cash equivalents

	2020.12.31	2019.12.31
Cash and demand deposit	$ 362,799	324,138
Time deposits	43,648	128,925
Cash and cash equivalents	**$ 406,447**	**453,063**

Please refer to Note (VI)T. for currency risk and sensitivity analysis disclosure of the financial assets and liabilities.
Please refer to note (VI)U. for the disclosure of credit risks.

B. Financial assets at fair value through other comprehensive income
1. Current:

	2020.12.31	2019.12.31
Domestic listed stocks	**$ 138,474**	**143,891**

The Company sold a part of financial assets at fair value through other comprehensive income - current for the year ended December 31, 2019. At the time of disposal, the fair value was NT$82,862 thousand and the accumulated gains on disposal amounted to NT$10,373 thousand, which was transferred from other equity to retained earnings.

2. Non-current:

		2020.12.31	2019.12.31
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	$	52,996	42,551
Inpaq Korea Co., Ltd.		1,418	701
Element I Venture Capital Co., Ltd.		16,259	20,125
Kuan Kun Electronic Enterprise Co., Ltd.		57,725	49,468
AICP Technology Corporation		1,582	4,504
Yuanxin Semiconductor Co., Limited		6,964	-
	$	136,944	117,349

Information on major equity investments denominated in foreign currencies as of the reporting date is as follows:

	2020.12.31				2019.12.31		
	Foreign currency		Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	$	1,017	28.48	28,964	1,017	29.98	30,490

Equity instruments held by the Company are strategic long-term investments and not for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

The Company acquired shares from Yuanxin Semiconductor Co., Limited for the year ended December 31, 2020 with the acquisition price of NT$8,000 thousand.

Element I Venture Capital Co., Ltd. had resolved to carry out capital reduction in the board meeting in June 2020 and returned capital of NT$2,000 thousand to the Company.

The Company sold part of its non-current financial assets at fair value through other comprehensive income for the year ended December 31, 2019. At the time of disposal, the fair value was NT$7,500 thousand, and the cumulative disposal loss was NT$7,500 thousand, which had been transferred from other equity to retained earnings.

The Company recognized dividend income of NT$3,012 thousand and NT$8,873 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2020 and 2019, respectively.

C. Accounts receivable (including related parties)

		2020.12.31	2019.12.31	2019.1.1
Accounts receivable	$	796,098	652,640	414,768
Accounts receivable - related parties		30,684	32,283	67,336
	$	826,782	684,923	482,104

The Company adopts a simplified method to estimate the expected credit loss for all receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information.

The expected credit losses of the Company's receivables (including related parties) are analyzed as follows:

	2020.12.31		
	Carrying amount of accounts receivable (including related parties)	**Loss Ratio of Lifetime Expected Credit Loss**	**Allowance for Lifetime Expected Credit Loss**
Not past due	$ 826,782	0%	-

	2019.12.31		
	Carrying amount of accounts receivable (including related parties)	**Loss Ratio of Lifetime Expected Credit Loss**	**Allowance for Lifetime Expected Credit Loss**
Not past due	$ 674,497	0%	-
Overdue for 1-90 days	10,426	0%	-
Total	$ 684,923		-

Other receivables - related parties are not included in the above-mentioned receivables. Please refer to Note (VII) for details.

No impairment loss has been provided for receivables (including related parties) for the years ended December 31, 2020 and 2019, respectively.

Please refer to Note (VI) T. for details of remaining credit risk information.

D. Inventories, net

	2020.12.31	2019.12.31
Raw materials	$ 14,271	11,526
Work in process and semi-finished products	8,855	5,976
Finished goods and commodity	166,021	113,522
	$ 189,147	131,024

The details of operating costs were as follows:

	2020	2019
Cost of goods sold	$ 1,583,203	1,533,777
Loss on market value decline and obsolete and slow-moving inventories	-	1,500
Revenue from sale of scrap	-	(5)
	$ 1,583,203	1,535,272

E. Investments accounted for under the equity method

Investments of the Company under equity method at reporting date are listed below:

	2020.12.31	2019.12.31
Subsidiary	$ 1,985,178	1,643,854

1. Please refer to the consolidated financial statements of 2020 for information regarding the subsidiaries.
2. The Company's share in subsidiary profits and losses:

	2020	2019
Subsidiary	$ 112,870	119,793

F. Property, plant and equipment (PP&E)

		Machinery and equipment	Other equipment and others	Equipment to be tested	Total
Cost:					
Balance as of January 1, 2020	$	143,128	39,820	5,770	188,718
Addition		1,395	3,964	354	5,713
Disposals and obsolescence		(120)	(102)	-	(222)
Reclassification		354	5,770	(6,124)	-
Balance as of December 31, 2020	$	144,757	49,452	-	194,209
Balance as of January 1, 2019	$	143,044	36,215	6,540	185,799
Addition		315	3,050	-	3,365
Disposals and obsolescence		(231)	(215)	-	(446)
Reclassification		-	770	(770)	-
Balance as of December 31, 2019	$	143,128	39,820	5,770	188,718
Depreciation:					
Balance as of January 1, 2020	$	48,478	23,124	-	71,602
Depreciation for the current period		21,768	7,429	-	29,197
Disposals and obsolescence		(120)	(102)	-	(222)
Balance as of December 31, 2020	$	70,126	30,451	-	100,577
Balance as of January 1, 2019	$	29,707	17,204	-	46,911
Depreciation for the current period		19,002	6,135	-	25,137
Disposals and obsolescence		(231)	(215)	-	(446)
Balance as of December 31, 2019	$	48,478	23,124	-	71,602
Carrying Amount:					
December 31, 2020	$	74,631	19,001	-	93,632
January 1, 2019	$	113,337	19,011	6,540	138,888
December 31, 2019	$	94,650	16,696	5,770	117,116

G. Right-of-use assets

		Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2020	$	24,497	1,082	25,579
Addition		15,974	-	15,974
Deduction		(531)	-	(531)
Balance as of December 31, 2020	$	39,940	1,082	41,022
Balance as of January 1, 2019	$	18,413	1,082	19,495
Addition		6,084	-	6,084
Balance as of December 31, 2019	$	24,497	1,082	25,579
Depreciation of right-of-use assets:				
Balance as of January 1, 2020	$	5,342	483	5,825
Depreciation for the current period		8,718	483	9,201
Deduction		(531)	-	(531)
Balance as of December 31, 2020	$	13,529	966	14,495
Balance as of January 1, 2019	$	-	-	-
Depreciation for the current period		5,342	483	5,825
Balance as of December 31, 2019	$	5,342	483	5,825
Carrying amount of right-of-use assets:				
December 31, 2020	$	26,411	116	26,527
December 31, 2019	$	19,155	599	19,754

H. Other financial assets - current and non-current

	2020.12.31	2019.12.31
Business tax credit	$ 4,931	6,074
Prepaid expenses	2,212	864
Prepayments for business facilities deposit	2,113	354
Prepayment	323	699
Deferred expenses and others	1,596	1,167
	$ 11,175	9,158

I. Other assets - current and non-current

	Computer software	Royalty fees	Total
Cost:			
Balance as of January 1, 2020	$ 3,552	45,038	48,590
Separate acquisition	3,843	-	3,843
Balance as of December 31, 2020	$ 7,395	45,038	52,433
Balance as of December 31, 2019 (as Balance as of January 1, 2019)	$ 3,552	45,038	48,590
Amortization:			
Balance as of January 1, 2020	$ 3,472	8,132	11,604
Amortization for the period	692	3,753	4,445
Balance as of December 31, 2020	$ 4,164	11,885	16,049
Balance as of January 1, 2019	$ 2,951	4,379	7,330
Amortization for the period	521	3,753	4,274
Balance as of December 31, 2019	$ 3,472	8,132	11,604
Carrying Amount:			
December 31, 2020	$ 3,231	33,153	36,384
January 1, 2019	$ 601	40,659	41,260
December 31, 2019	$ 80	36,906	36,986

J. Short-term loans

	2020.12.31	2019.12.31
Unsecured bank loans	$ 865,000	834,900
Unused facilities	$ 721,320	365,140
Interest rate range	0.88%~ 1.03%	1.1%~ 2.95%

K. Convertible bonds payable

1. The Company issued the first domestic unsecured convertible corporate bonds on March 1, 2017. The issuance period is three years. Relevant information in the financial statements is as follows:

	2020.12.31	2019.12.31
Total amount of convertible corporate bonds issued	$ 300,000	300,000
Less: Unamortized bonds payable discount	-	(5)
Less: Accumulated converted common stocks	(298,700)	(297,900)
Less: Repayment upon maturity	(1,300)	-
Balance of bonds payable at end of period (recognized under long-term liabilities due within one year)	$ -	2,095

	2020	2019
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	$ -	2
Interest expense	$ 3	88

The Company's first unsecured convertible corporate bonds matured on March 1, 2020, and the TPEx trading was terminated on the business day following the maturity date. According to Article 6 of the Company's issuance and conversion rules, the Company will make a one-time cash redemption payment based on the remaining face value of the bonds upon maturity.

The conversion price of the first-time issuance of unsecured convertible corporate bonds was NT$33.8 for both March 1, 2020 (maturity date) and December 31, 2019.

When the Company issues the above-mentioned converted corporate bonds, it separates the share options and liabilities, and separately recognizes equity and liabilities. The breakdown is as follows:

Item	Amount
Converted corporate bond issuance	$ 300,000
Fair value of embedded non-equity derivatives at the time of issuance	180
Issue cost	(5,307)
Fair value of corporate bonds at the time of issuance	(279,243)
Equity composition items - stock options (listed in the capital reserve - stock options)	$ 15,630

After separating the above-mentioned embedded derivative instruments, the effective interest rate of the Company's first unsecured conversion of corporate bonds was 2.38%.

Please refer to Note (VI) O. for the first unsecured conversion of corporate bonds into ordinary shares for the years ended December 31, 2020 and 2019, respectively.

2. The Company issued the second domestic unsecured conversion of corporate bonds on April 27, 2018. The issuance period is three years. The relevant information in the financial statements is as follows:

	2020.12.31	2019.12.31
Total amount of convertible corporate bonds issued	$ 250,000	250,000
Less: Unamortized bonds payable discount	(1,324)	(6,577)
Less: long-term liabilities due within one year	(248,676)	-
Bonds payable at end of period	$ -	243,423

	2020	2019
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	$ -	50
Interest expense	$ 5,253	5,138

The significant terms of the issuances are as follows:

(1) Conversion price and adjustments:

April 19, 2018 is set as the conversion price base date, and the simple arithmetic average of the closing prices of the common shares of the first, third, and fifth business days of the Company before (excluding) the base day is chosen as the base price before multiplying the base price by 103.38% premium rate to calculate the basis. (Calculated to the NTD jiao and rounded up cent). In the case of ex-equity or ex-dividend before the base date, the closing price of the conversion price to be calculated by sampling shall be the price after deducting equity or dividend; the conversion price shall be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-dividend from the date of decision to the actual date of issue. The conversion price at the time of issuance was NT$63 per share. The conversion price on December 31, 2020 and 2019 were NT$56.2 and NT$58 respectively.

(2) The Company's redemption right for the aforementioned conversion of corporate bonds:

i. The above-mentioned converted corporate bonds shall start one month after the issuance date to forty days before the expiration of the issuance period. When the price reaches more than 30% (inclusive), the Company may notify the creditors within 30 business days thereafter to recover the principal bond of the bond holder in cash according to the denomination of the bond.

ii. From the day following one month after the issuance of the converted corporate bond to forty days before the expiration of the issuance period, if the outstanding balance in circulation is less than 10% of the original issuance amount, the Company may notify the creditors at any time thereafter. The face value of the bond is recovered in cash to the bond holder's principal bond.

When the Company issues the above-mentioned converted corporate bonds, it separates the share options and liabilities, and separately recognizes equity and liabilities. The breakdown is as follows:

Item		Amount
Converted corporate bond issuance	$	250,000
Fair value of embedded non-equity derivatives at the time of issuance		525
Issue cost		(4,196)
Fair value of corporate bonds at the time of issuance		(234,504)
Equity composition items - stock options (listed in the capital reserve - stock options)	**$**	**11,825**

After separating the above-mentioned embedded derivative instruments, the effective interest rate of the Company's second unsecured conversion of corporate bonds was 2.13%.

The redemption rights of embedded derivatives of unsecured convertible corporate bonds were recognized by the Company as financial assets at fair value through profit or loss - current both amounted for NT$0 on December 31, 2020 and 2019.

L. Lease liabilities

The carrying amount of the Company's lease liability is as follows:

	2020.12.31	2019.12.31
Current	$ 9,001	6,113
Non-current	$ 17,782	13,739

For maturity analysis, please refer to Note VI(XX) Financial instruments.

	2020	2019
Interest expense on lease liabilities	$ 350	230

The amounts recognized in the statements of cash flows are:

	2020	2019
Total cash outflow for lease	$ 9,393	5,957

Leasing of houses and buildings

The Company leased houses and buildings as office premises and factory buildings on December 31, 2020 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

Some of the above-mentioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the Company. These options are only enforceable by the Company, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease liability.

M. Employee benefits

The Company allocates 6% of each employee's monthly wages to the personal labor pension account at the Bureau of Labor Insurance, Ministry of Labor in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance, Ministry of Labor without additional legal or constructive obligation. The Company's pension costs under the defined contribution plan were NT$3,560 thousand and NT$3,170 thousand for the years ended December 31, 2020 and 2019, respectively, and were contributed to the Bureau of Labor Insurance.

N. Income Tax

1. Income tax expense

The amount of the Company's income tax expenses for the years ended December 31, 2020 and 2019 was as follows:

	2020	2019
Current income tax expense (benefit)		
Current income tax expenses	$ 35,292	32,923
Current income tax from adjustment of prior period	-	407
	35,292	33,330
Deferred income tax expense (benefit)		
Origination and reversal of temporary differences	1,796	(385)
Current income tax expenses	$ 37,088	32,945

2. The amount of income tax expense recognized in other comprehensive income was as follows:

	2020	2019
Exchange differences on translation of foreign operations	$ (7,071)	13,661

3. The reconciliation of income tax expenses and income before income tax was as follows:

	2020	2019
Income before income tax	$ 298,703	172,016
Income tax at the Company's domestic tax rate	59,741	34,403
Share of unrecognized income from investment in foreign subsidiaries	(26,250)	(9,571)
Additional tax on undistributed earnings	-	3,913
Permanent difference and others	3,597	3,793
Over (under)-provision in prior periods	-	407
Total	$ 37,088	32,945

4. Deferred tax assets and liabilities

As of December 31, 2020 and 2019, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company plans to use undistributed earnings for permanent investment rather than distribution. The amounts are as follows:

	2020.12.31	2019.12.31
Undistributed earnings from subsidiaries	$ 617,381	486,132
Unrecognized deferred tax liabilities	$ (123,476)	(97,226)

5. Recognized deferred tax assets (liabilities)

Deferred income tax assets

	2019.1.1	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2019.12.31	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2020.12.31
Loss for market price decline and obsolete and slow-moving inventories	$ 419	(300)	-	719	-	-	719
Unrealized expenses	8,493	(10,575)	-	19,068	5,622	-	13,446
Unrealized profit between associates	18,667	15,834	-	2,833	(3,926)	-	6,759
Exchange differences on translation of foreign operations	13,290	-	(13,661)	26,951	-	7,071	19,880
Unrealized exchange loss	-	(4,689)	-	4,689	12	-	4,677
Other	556	90	-	466	88	-	378
	$ 41,425	360	(13,661)	54,726	1,796	7,071	45,859

Deferred income tax liabilities

	2019.1.1	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2019.12.31	Debit (credit) income statement	Debit (credit) other comprehensive income statement	2020.12.31
Unrealized exchange gains	$ (745)	(745)	-	-	-	-	-

6. The ROC income tax authorities have examined the Company's income tax returns through 2018.

O. Capital and other equity

1. Share capital

As of December 31, 2020 and 2019, the authorized capital of the Company amounted to $2,000,000 thousand, of which included the amount of $60,000 thousand reserved for employee share options; the issued capital amounted to $845,248 thousand and $845,011 thousand, respectively at $10 per share.

The reconciliation for outstanding shares is as follows (expressed in thousands of shares):

	Common Stocks	
	2020	2019
Balance as of January 1	84,502	83,514
Buyback of treasury stocks	-	(330)
Conversion of convertible bonds	23	60
Transfer of treasury stocks to employees	-	1,258
Balance at December 31	84,525	84,502

The Company issued 23 thousand and 60 thousand common stocks for the conversion of corporate bonds for the year ended December 31, 2020 and 2019. As of December 31, 2020, the statutory registration procedures were completed and the stocks were reclassified as share capital - common stocks.

The net increase in capital reserves due to the conversion of corporate bonds for the year ended December 31, 2020 and 2019 was NT$562 thousand and NT$1,389 thousand, respectively.

2. Capital surplus

	2020.12.31	2019.12.31
Share premium	$ 320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852
Subscription right to convertible corporate bonds	11,890	11,935
Treasury stock transactions	3,642	3,642
Premium from conversion of corporate bonds to common stocks	217,212	216,605
	$ 561,362	560,800

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. The above-mentioned realized capital surplus includes amount in excess of the face amount during shares issuance and acceptance of bestowal. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total of capital surplus appropriated for capital every year shall not exceed 10% of the paid-in capital.

3. Retained earnings

(1) Legal reserve

If the Company incurs no loss, the reserve may be distributed as cash or stock dividends for the portion in excess of 25% of the paid-in capital

(2) Special reserve

By choosing to apply exemptions granted under IFRS 1 during the Company's first-time adoption of the IFRSs endorsed by the FSC, cumulative translation adjustments under shareholders' equity shall be reclassified as retained earnings at the adoption date. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs endorsed by the FSC amounted to NT$6,954 thousand. In accordance with Jin-Guan-Zheng-Fa-Zi No.1010012865 issued by the FSC, the net increase of NT$6,236 thousand in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special reserve during earnings distribution, and when the relevant asset is used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve generated due to the above-mentioned reasons amounted to NT$6,236 thousand as of December 31, 2020.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of the IFRSs endorsed by the FSC and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of the IFRSs endorsed by the FSC. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

According to the Company's Articles of Incorporation, if the Company shows a year-end profit, it shall firstly make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid-in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the above-mentioned amounts, together with the balance of the unappropriated retained earnings of the previous year as dividends to shareholders, to be proposed by the Board of Directors to be approved at the shareholders' meeting.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the Company is in a life cycle is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder dividends, in cash or stock forms, shall not be lower than 10% of the distributable surplus of the year. The cash dividends shall be no lower than 10% of the total.

The appropriation of earnings of the two most recent years was approved during shareholders' meetings held on June 17, 2020 and June 19, 2019, respectively. Information on dividends appropriated to owners is as follows:

	2019		2018	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of common stocks:				
Cash (NT$)	**$ 1**	**84,525**	**0.98510218**	**83,184**

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2020 appropriation of earnings, the Board of Directors would draft a proposal to be resolved at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS).

4. Treasury stocks

The Company offers treasury stocks and buys back shares from the Taiwan Stock Exchange. The increase/decrease caused by the buyback are listed as follows:

Unit: 1,000 shares

	2019				
Reason for Buyback	**Number of shares - beginning**	**Increase**	**Transfer**	**Cancelled**	**Number of shares - ending**
Transfer to employees	928	330	(1,258)	-	-

In accordance with provisions of the Securities and Exchange Act, the share buyback rate shall not exceed 10% of total number of shares issued by the Company. The total amount of buyback shares shall not exceed the sum of retained earnings, share premium and realized capital surplus. In accordance with provisions of the Securities and Exchange Act, the treasury stocks held by the Company cannot be pledged, and are not entitled to the rights of shareholders before being transferred.

The Company has transferred all treasury shares to employees for the year ended December 31, 2019. As the transfer price is higher than the market price, no compensation cost was recognized.

P. Earnings per Share (EPS)

		2020	2019
Basic EPS:			
Net income attributable to the Company	$	261,615	139,071
Weighted average number of common stocks outstanding (in thousands of shares)		84,512	83,959
Basic EPS (NT$)	$	3.10	1.66
Diluted EPS:			
Net income attributable to the Company	$	261,615	139,071
Post-tax interest on convertible corporate bonds		4,200	4,110
Net income attributable to common stocks	$	265,815	143,181
Weighted average number of common stocks outstanding (in thousands of shares)		84,512	83,959
Effect of potential diluted ordinary shares:			
Employee compensation to be distributed in stocks		698	549
Convertible corporate bonds		4,448	4,310
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)		89,658	88,818
Diluted EPS (NT$)	$	2.96	1.61

Q. Revenue of customer contract

		2020	2019
Main geographical areas			
China	$	1,925,097	1,732,313
Taiwan		83,962	32,550
Other Countries		3,895	5,820
	$	2,012,954	1,770,683
Major products			
Coiled conductive polymer solid capacitors	$	1,600,160	1,525,850
Chip-type conductive polymer solid state appliances		324,641	186,956
Other		88,153	57,877
	$	2,012,954	1,770,683

R. Employee compensations and remuneration for Directors

The Company's Articles of Incorporation provide that if there is profit in the year, at least 8 percent of profit shall be allocated for employee compensation, and no more than 3 percent shall be allocated for remunerations of the Directors. However, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT$28,528 thousand and NT$16,437 thousand as employee compensation and NT$8,391 thousand and NT$4,834 thousand as remuneration for Directors for the years ended December 31, 2020 and 2019, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of common stocks on the day preceding the Board of Directors' meeting.

The amounts allocated for remunerations to employees and Directors for the year ended December 31, 2019 were NT$16,437 thousand and NT$4,834 thousand, respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

S. Non-operating income and expenses

1. Interest income

		2020	2019
Interests on bank deposits	$	1,542	5,2020
Other interest income		1,052	3,895
	$	2,594	9,004

2. Other gains and losses, net

		2020	2019
Subsidy income	$	3,728	-
Dividend income		3,012	8,873
Gain on disposal of property, plant and equipment		3,450	3,976
Financial asset valuation loss		-	(52)
Other		1,601	433
	$	11,791	13,230

3. Finance costs

		2020	2019
Interest expenses of corporate bonds	$	5,256	5,226
Interest expenses of loans		9,538	11,649
Interest expense on lease liabilities		350	230
	$	15,144	17,105

T. Financial instruments

1. Credit risk

(1) Maximum credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount of credit risk exposure.

(2) Credit risk concentration

The Company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the Company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As at December 31, 2020 and 2019, 56% and 42% of the Company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(3) Credit risk of accounts receivable and debt securities

Please refer to Note (VI) C. for credit risk exposure of accounts receivable.

Other financial assets at amortized cost included other receivables and time deposits. No impairment loss was recognized.

The above-mentioned financial assets have low credit risk, so the allowance loss of the period is measured based on twelve-month expected credit loss (please refer to Note (IV) F. for details on how the Company determines the level of credit risk).

2. Liquidity risk

The following table shows the contractual maturity analysis of financial liabilities (including the impact of interest payable):

		Carrying Amount	Contract Cash Flow	Less than 6 months	6-12 months-	More than 12 months
December 31, 2020						
Non-derivative financial liabilities						
Short-term loans	$	865,000	866,126	866,126	-	-
Accounts payable (including related parties)		431,180	431,180	431,180	-	-
Payroll and bonus payable		82,181	82,181	82,181	-	-
Payable on equipment		3,354	3,354	3,354	-	-
Lease liabilities (including current and non-current)		26,783	27,319	4,730	4,532	18,057
	$	1,408,498	1,410,160	1,387,571	4,532	18,057
December 31, 2019						
Non-derivative financial liabilities						
Short-term loans	$	834,900	836,574	836,574	-	-
Accounts payable (including related parties)		377,544	377,544	377,544	-	-
Payable on equipment		2,955	2,955	2,093	862	-
Lease liabilities (including current and non-current)		19,852	20,274	3,192	3,117	13,965
	$	1,235,251	1,237,347	1,219,403	3,979	13,965

3. Exchange rate risk

(1) Exchange rate risk exposure

The Company's financial assets and liabilities exposed to material exchange rate risk were as follows:

		2020.12.31			2019.12.31		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets							
Monetary items							
USD	$	36,987	28.48	1,053,390	35,512	29.98	1,064,650
RMB		45,670	4.3648	199,340	54,101	4.2975	232,499
Financial liabilities							
Monetary items							
USD		15,261	28.48	434,633	17,830	29.98	534,543
RMB		8,592	4.3648	37,502	9,021	4.2975	38,768

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the years ended on December 31, 2020 and 2019 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2020 and 2019 with all other variables held constant were as follows:

	Fluctuation		2020	2019
NT dollars	1% depreciation against USD	$	4,950	4,241
	1% appreciation against USD	$	(4,950)	(4,241)
	1% depreciation against RMB	$	1,295	1,550
	1% appreciation against RMB	$	(1,295)	(1,550)

(3) Exchange gain/loss of monetary items

As the Company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange losses (including realized and unrealized) for the years ended on December 31, 2020 and 2019 were NT$26,009 thousand and NT$17,921 thousand, respectively.

4. Interest rate analysis

The interest rate risk exposure of financial assets and financial liabilities of the Company is described in the liquidity risk management of the Notes.

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the years ended on December 31, 2020 and 2019 due to interest rate changes with all other variables held constant were as follows:

	Fluctuation		**2020**	**2019**
Annual borrowing rate	Increase by 1%	$	(6,920)	(6,679)
	Decrease by 1%	$	6,920	6,679

5. Other price risk

If the price of equity securities changes on the reporting date (adopt the same basis of analysis for both periods, with the assumption that other variable factors remain unchanged), the impact on comprehensive income items were as follows:

	2020			**2019**	
Prices of securities at the reporting date		**Other comprehensive income, net of tax**	**Net income**	**Other comprehensive income, net of tax**	**Net income**
Increase by 1%	$	2,754	-	2,612	-
Decrease by 1%		(2,754)	-	(2,612)	-

6. Fair value and information

(1) Type and fair value of financial instruments

The Company's financial assets at fair value through profit and loss or through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities (including information of fair value hierarchy; however, the fair value of financial instruments not at fair value and whose carrying amounts are reasonable approximations of their fair value and lease liabilities is not required to be disclosed) were as follows:

	2020.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 138,474	138,474	-	-	138,474
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 136,944	-	-	136,944	136,944
Convertible bonds payable (including bonds due within one year)	$ 248,676	278,400	-	-	278,400

	2019.12.31				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	$ 143,891	143,891	-	-	143,891
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	$ 117,349	-	-	117,349	117,349
Convertible bonds payable (including bonds due within one year)	$ 245,518	264,571	-	-	264,571

(2) Fair value valuation technique of financial instruments not at fair value

The methods and assumptions adopted by the Company for valuating instruments not at fair value were as follows:

For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. If market values are not available, valuation method would be adopted. Estimations and assumptions adopted in the valuation method are to measure fair value at discounted cash flows.

(3) Fair value valuation technique of financial instruments at fair value

The redemption rights of embedded derivatives are based on an appropriate option pricing model.

(4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

(5) Details of changes in Level 3 fair value hierarchy:

	Financial asset at fair value through other comprehensive income - equity investments without an active market
Balance as of January 1, 2020	$ 117,349
New addition	8,000
Proceeds from capital reduction	(2,000)
Total gains and losses	
Recognized in other comprehensive income	13,595
Balance as of December 31, 2020	**$ 136,944**
Balance as of January 1, 2019	$ 121,084
Disposals	(7,500)
Total gains and losses	
Recognized in other comprehensive income	3,765
Balance as of December 31, 2019	**$ 117,349**

The aforementioned total gains and losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of December 31, 2020 and 2019, gains or losses of assets in the book amounted to gain of NT$21,945 thousand and NT$8,349 thousand, respectively.

(6) Quantitative information for fair value measurement of significant unobservable inputs (level 3)

The Company classified financial assets at fair value through other comprehensive income - non-current as level 3. It had multiple significant unobservable inputs which were independent from each other; therefore, there is no correlation between them. The quantitative information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Net asset value method	· Net asset value ·Marketability discount (10% and 20% for December 31, 2020 and December 31, 2019)	· N/A · The higher the marketability discount, the lower the fair value.
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Market approach	· Price-book ratio (3.39 for December 31, 2019) · Marketability discount (25% for December 31, 2019)	· The higher the price-book ratio, the higher the fair value. · The higher the marketability discount, the lower the fair value.

U. Financial risk management

1. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these parent company only financial statements.

2. Risk management framework

The Board of Directors is solely responsible for overseeing the risk management of the Company. The Company's risk management policies are formulated to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes market conditions and the Company's activities.

The financial management department of the Company provides services to the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risks).

3. Credit risk

The main credit risk the Company faces is caused by the potential impact of the counterparty or other party of the financial asset transaction failing to meet its contractual obligations. The Company deposits its cash in creditworthy banks with low credit risk.

The main credit risk arises from financial products derived from cash and accounts receivable. The Company deposits its cash in various financial institutions. The Company controls exposure to the credit risk of each financial institution and believes that there is no concentration of significant credit risk for the cash.

The credit risk exposure of the Company is influenced by the conditions of each individual customer. The management also considers the statistical data on the basis of the Company customers, including the default risk of industry and country, as these factors play a role in credit risk. To lower credit risk, management of the Company appoints a dedicated team to make decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of all accounts receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable accounts receivable.

The Company did not provide any endorsements or guarantees to parties other than the subsidiaries for the years ended on December 31, 2020 and 2019.

4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The method of the Company adopts for managing liquidity lies in ensuring sufficient working capital to pay for due liabilities under normal and pressing circumstances so as to avoid unacceptable losses or risk of damage to goodwill. The Company supports business operations and reduces cash flow fluctuation through appropriate management and the maintenance of sufficient cash. The Company's management supervises bank financing conditions and ensures compliance with loan contracts.

5. Market risk

Market risk refers to the risk of the value of revenue or held financial instruments being influenced by market price changes, such as exchange rate and interest rate. The objective of market risk management lies in optimizing the investment return by controlling the market risk exposure within the bearable scope.

(1) Currency risk

The Company is exposed to currency risk arising out of sales, procurement and loan transaction through functional currency valuation from its entities. The Company's functional currency is New Taiwan dollars. The main valuation currencies for these types of transactions includes RMB and USD.

Loan interest is denominated in the currency of the loan. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Company, which is mainly NTD and USD. This provides economic hedging without signing derivatives, so hedging accounting is not adopted.

For monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Company purchases or sells foreign currencies at the real-time exchange rate to ensure that net risk exposure remains at an acceptable level.

(2) Interest rate risk

The short-term borrowings of the Company are debts with floating interest rates, so changes in market interest rates will cause the effective interest rate of short-term borrowings to change accordingly, leading to fluctuations in future cash flows.

V. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize owner value.

The Company operates in an industry with rapid changes, intensive capital and technologies, and the Company is in a life cycle is in a stage of stable growth. Therefore, it is necessary to retain surplus needed for operational growth and investment. For the moment, the residual dividend policy is adopted. The distribution of shareholder cash dividends shall not be lower than 10% of the distributable surplus of the year.

The Company's management periodically reassesses the capital structure, with the scope covering capital costs of various categories and related risks. The Company will distribute dividend, issue new stocks, repurchase shares, or repay old debts among other methods to balance its overall capital structure in accordance with the recommendations of its management. The Company's debt-to-adjusted-capital ratio at the reporting date was as follows:

		2020.12.31	2019.12.31
Total liabilities	$	1,727,403	1,573,716
Less: Cash and cash equivalents		(406,447)	(453,063)
Net liabilities	$	1,320,956	1,120,653
Total equity	$	2,179,338	1,964,987
Debt-to-capital ratio		60.61%	57.03%

W. Non-cash financing activities

The Company's non-cash investing and financing activities for the years ended December 31, 2020 and 2019 were as follows:

1. For non-cash investing and financing activities where convertible corporate bonds were converted into common stocks, please refer to Note VI(XI) for details.
2. For right-of-use assets obtained via leases, please refer to Note VI(VII).
3. Reconciliation of liabilities arising from financing activities were as follows:

				Non-cash changes		
		2020.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2020.12.31
Short-term loans	$	834,900	26,785	-	3,315	865,000
First issuance of convertible corporate bonds		2,095	(1,300)	-	(795)	-
Second issuance of convertible corporate bonds		243,423	-	-	5,253	248,676
Lease liabilities		19,852	(9,043)	-	15,974	26,783
	$	1,100,270	16,442	-	23,747	1,140,459

				Non-cash changes		
		2019.1.1	Cash flow	Change in Exchange fluctuations	Other changes	2019.12.31
Short-term loans	$	673,575	165,000	-	(3,675)	834,900
First issuance of convertible corporate bonds		3,988	-	-	(1,893)	2,095
Second issuance of convertible corporate bonds		238,285	-	-	5,138	243,423
Lease liabilities		19,495	(5,727)	-	6,084	19,852
	$	935,343	159,273	-	5,654	1,100,270

(VII). Related Party Transactions

A. Related parties' name and relationships

Name of related party	Relationship with the Company
APAQ Investment Limited (APAQ Samoa)	Subsidiary of the Company
Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Subsidiary of the Company
Apaq Technology (Hubei) Co., Ltd. (Apaq Hubei)	Subsidiary of the Company
INPAQ Technology Co., Ltd.	Key management of the Company

B. Significant transactions with related parties

1. Operating revenue

	2020	2019
Apaq Wuxi	$ 93,419	70,663

The sales price to related parties and non-related parties is determined by the specifications of the products being sold, and some products are given discounts of varying degrees depending on the quantity sold. Therefore, the price to related parties and non-related parties is not significantly different. The credit terms of related parties are 60 days from end of month. The credit terms of general customers are determined by the individual client's past transaction experience and the results of credit evaluation and they range between 60 to 150 days from end of month.

As of December 31, 2020 and 2019, the deferred unrealized gross profit due to sales was NT$6,646 thousand and NT$1,946 thousand, which was included in the investment deduction using the equity method.

2. Purchases

	2020	2019
Apaq Wuxi	$ 1,555,794	1,406,071

The purchase price from related parties is based on the general market price. The payment terms are 30 to 90 days from end of month for general suppliers, and 60 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of Related Parties	2020.12.31	2019.12.31
Accounts receivable related parties	-Apaq Wuxi	$ 30,684	32,283

4. Payables to related parties

Financial Statement Account	Category of Related Parties	2020.12.31	2019.12.31
Accounts payable	Apaq Wuxi	$ 415,060	368,526

5. Endorsements and guarantees

The Company's endorsement of the consolidated comprehensive amount of guarantees for subsidiaries with years ended on December 31, 2020 and 2019 was NT$398,990 thousand and NT$449,700 thousand, respectively.

6. Capital loans to related parties

Financial Statement Account	Category of Related Parties	2020.12.31	2019.12.31
Other Receivables Related Parties	-Apaq Wuxi	$ -	122,293

In 2020 and 2019, interest income generated from capital loans to subsidiaries was NT$1,041 thousand and NT$3,886 thousand, respectively.

7. Other transactions

As of December 31, 2020 and 2019, the unrealized benefits arising from the sale and purchase of fixed assets were NT$8,266 thousand and NT$11,715 thousand, respectively, and were included in the equity method Investment deduction.

The Company engaged in service contracts associated with winding machines with related parties. Service income generated were NT$1,686 thousand for the years ended December 31, 2020.

8. In summary, the Company's other receivables - related party balance due to the above-mentioned other transactions and collection of advances, etc., as of December 31, 2020 and 2019, was NT$5,665 thousand and NT$595 thousand, respectively.

C. Major managerial personnel transactions

Remuneration of major managerial personnel includes:

	2020	2019
Short-term employee benefits	$ 36,485	21,164
Benefits after retirement	408	406
	$ 36,893	21,570

(VIII). Pledged Assets

Details of carrying amount of assets pledged by the Company were as follows:

Pledged Assets	Purpose of Pledge	2020.12.31	2019.12.31
Other financial assets - non-current	Purchase guarantee, investment guarantee, etc.	$ 4,527	3,971

(IX). Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

(X). Significant Disaster Loss: None.

(XI). Significant Subsequent Events: None.

(XII). Others

The following is the summary statement of employee benefits and depreciation expenses by function:

Function / Type	2020			2019		
	Operating cost	**Operating expense**	**Total**	**Operating cost**	**Operating expense**	**Total**
Employee benefit expenses						
Salary expense	10,540	127,253	137,793	5,908	100,339	106,247
Labor and health insurance expense	585	6,893	7,478	329	6,386	6,715
Pension expense	267	3,293	3,560	152	3,018	3,170
Remuneration of Directors	-	7,607	7,607	-	3,516	3,516
Other employee benefits expenses	647	5,283	5,930	423	4,474	4,897
Depreciation	25,835	12,563	38,398	20,037	10,925	30,962
Amortization	-	4,445	4,445	-	4,274	4,274

Additional information on the number of employees and expenses for employee benefits in 2020 and 2019 is as follows:

	2020	2019
Number of employees	2018	90
Number of directors who do not serve as employees	5	4
Average employee benefit expenses	$ 1,517	1,407
Average employee salary expenses	$ 1,351	1,235
Adjustment of average employee salary expenses	9.39%	
Remuneration for Supervisor	$ 784	1,318

Information on the Company's policy of salary and remuneration (including Directors, managers, and employees) is as follows:

The proportion of remuneration distributed to the Directors and managers of the Company is in accordance with Article 27 of Articles of Incorporation and the Board of Directors has resolved to set aside no less than 8% of the profit for the year as employee's compensation and no more than 3% as Directors and Supervisors' remuneration. To assess the remuneration of Directors and managers on a regular basis, the remuneration of Directors and managers are reasonably remunerated based on their level of participation in the Company's operations and individual performance contributed with assessment items, such as whether there are any negative events caused by Directors and managers leading to loss of the Company, risk events of internal management failures, etc., together with their remuneration ratios calculated after comprehensive consideration of target achievement rate, profitability, operational efficiency, contribution, etc., and review the remuneration system of Directors and managers at all times based on actual operation situation and related statues.

(XIII). Supplementary Disclosures

A. Information on significant transactions

Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," information of significant transactions which shall be disclosed by the Company is as follows:

1. Financing provided to others:

No.	Lending company	Borrower	Transaction Account	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount Actually Drawn	Interest rate range	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	Apaq Wuxi	Other accounts receivable - related parties	Yes	453,750	170,880	-	2.896%	Business transaction	1,555,794		-		-	871,735	871,735
0	The Company	APAQ Hubei	Other accounts receivable - related parties	Yes	176,940	170,880	-	2.896%	Short-term Financing	-	Business needs of Subsidiary	-		-	871,735	871,735

Note 1. For firms or companies having business relationship with the Company, the financing amount to an individual party is limited to the transaction amount between both parties.

Note 2. Total amount of financing to external parties shall be limited to 40% of the equity attributable to the owners of the parent company in the balance sheet of the Company's parent company only financial report as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/Guarantee Provider	Object of Endorsements/Guarantees		Limit on Endorsements/Guarantees Provided for A Single Party	Maximum Balance in Current Period	Ending Balance of Endorsement and Guarantee	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relation										
0	The Company	Apaq Wuxi	Subsidiary	2,179,338	453,750	199,360	-	-	9.75%	2,179,338	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,179,338	206,430	199,630	-	-	9.75%	2,179,338	Y	N	Y

Note 1. The amount of the endorsements/guarantees to a single enterprise shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's parent company only financial report as audited (reviewed) by CPAs in the most recent period.

Note 2. The total amount of endorsements/guarantees to external parties shall be limited to the amount of equity attributable to the owners of the parent company in the balance sheet of the Company's parent company only financial report as audited (reviewed) by CPAs in the most recent period.

3. Holding of marketable securities at the end of the period (excluding investments in subsidiaries, associates and joint ventures):

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remark
				Shares	Carrying Amount	Shareholding %	Fair Value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income -current-	4,710	138,474	4.64%	138,474	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income -non-current-	1,000	52,996	5.80%	52,996	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income -non-current-	18	1,418	10.73%	1,418	
The Company	Chia Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income -non-current-	1,800	16,259	3.64%	16,259	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income -non-current-	3,770	57,725	5.39%	57,725	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income -non-current-	240	1,582	3.20%	1,582	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income -non-current-	800	6,964	11.43%	6,964	

4. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital: None.
5. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.
6. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital: None.
7. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital: None.

Company Name	Name of the Counterparty	Relation	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remark
			Purchases/sales	Amount	Ratio of total purchase (sales)	Loan period	Unit Price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,555,794	98 %	60 days	-	Note	415,060	96.00%	

Note. The payment period of general suppliers ranges from 60 days to 120 days on the monthly statement, and the payment period for Apaq Wuxi is 60 days.

8. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital: None.
9. Trading in derivative instruments: Please refer to Notes (VI) K.

B. Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

Name of investees	Location	Primary Business	Original Investment Amount	Original Investment Amount: End of the Period	Original Investment Amount: End of Last Year	Highest ownership during the period: Shares	Highest ownership during the period: %	Highest ownership during the period: Carrying Amount	Net Income (Loss) of the Investee	Share of Profit/Loss	Remark
The Company	APAQ Samoa	Samoa	Holding	1,377,960	1,288,569	44,504	100.00%	1,848,176	105,887	87,508	Note

Note. Share of profit/loss includes adjustments for upstream transactions between affiliates.

C. Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Name of Investee	Original Investment Amount	Paid-in Capital (Note 4)	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period: Outward Remittance (Note 4)	Remittance or Recovery of Investment the Current Period: Recovery	Ending Balance of Accumulated Outflow of Investment from Taiwan	Net Income (Loss) of the Investee	The Company's Percentage of Direct or Indirect Ownership	Investment Gains (Losses) Recognized in the Current Period	Carrying Amount of Investment at the End of Period	Ending Balance of Accumulated Inward Remittance of Earnings	Remark
Apaq Wuxi	Production and sales of electronic components	1,187,616 (USD41,700 thousand)	Note 1	1,203,723 (USD38,700 thousand)	89,390 (USD3,000 thousand)	-	1,293,113 (USD41,700 thousand)	2018,913	100.00%	2018,913 Note 3	1,823,989	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	43,648 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	3,747	35.00%	1,528 Note 3	45,737	-	
APAQ Hubei	Production and sales of electronic components	113,920 (USD4,000 thousand)	Note 2	15,590 (USD500 thousand)	104,960 USD3,500 thousand)	-	120,550 (USD4,000 thousand)	25,362	100.00%	25,362 Note 3	151,914	-	

2. Limits on reinvestments in Mainland China

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 4)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 4)	Upper limit on investment authorized by Investment Commission, MOEA
1,458,561 (USD45,700 thousand and RMB9,800 thousand)	1,515,521 (USD47,700 thousand and RMB9,800 thousand)	(Note 5)

Note 1: Investment in Mainland China indirectly through a third area.

Note 2: Direct investment in Mainland China.

Note 3. It was recognized based on financial statements of the same period audited by CPAs.

Note 4. The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 47,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2020, there was still an approved investment amount of USD2,000 thousand, which had not yet been remitted.

Note 5. The Company has obtained the certificate letter of enterprise headquarters operation scope issued by the Industrial Development Bureau, MOEA. The upper limits for investments in Mainland China set by the Investment Commission, MOEA no longer apply.

3. Significant transactions:

Please refer to the "Information on significant transactions" for direct or indirect material transactions between the Company and investees in China (which have been eliminated during the preparation of parent company only financial statements) for the years ended December 31, 2020.

D. Information on major shareholders:

Unit: Shares

Shareholding Name of Major Shareholder	No. of Shares Held	Shareholding %
Hua Cheng Venture Capital Co., Ltd.	10,668,012	12.62%
Prosperity Dielectrics Co., Ltd.	5,280,000	6.24%
INPAQ Technology Co., Ltd.	4,776,329	5.65%
Walton Advanced Engineering, Inc.	4,591,000	5.43%

Note: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. However, the share capital recorded in the Company's financial report and the number of shares actually delivered by the Company without physical registration may differ due to calculation basis.

(XIV). Segment information

Please refer to the 2020 consolidated financial statements for details.

APAQ Technology Co., Ltd.
Statements of Cash and Cash Equivalents
December 31, 2020

Unit: NT thousands/Foreign Currency in dollar

Item	Summary	Amount
Cash	Petty cash	$ 150
Bank deposits	Demand deposits	20,472
Bank deposits	Foreign currency deposits (USD: 9,043,148.39; JPY: 283,551; HKD: 199,074.590; RMB: 19,203,194.17)	342,177
Cash equivalents	Time deposit (RMB 10,000,000, December 9, 2020 - January 9, 2021, interest rate 2.3%)-	43,648
	Subtotal	406,297
	Total	**$ 406,447**

Note: The foreign currency exchange rates on the balance sheet date are as follows:

USD: 28.48
JPY: 0.2763
HKD: 3.673
RMB: 4.3648

APAQ Technology Co., Ltd.
Statements of Accounts Receivables
December 31, 2020 **Unit: NT$ thousand**

Customer Name	Amount
AsusTek Computer Inc.	$ 211,557
Gigabyte Technology	74,376
Micro-Star International Co., Ltd.	71,980
K-Source Technology Ltd.	47,277
Tech-Front (Chongqing) Computer Co., Ltd.	45,257
Other (individual amount not exceeding 5%)	345,651
Accounts receivable, net	$ **796,098**

Note: 1. Accounts receivable are generated from business activities.
2. Accounts receivable from related parties are not included in the statements above. Please refer to Note 7 for details.

APAQ Technology Co., Ltd.
Details of Inventories
December 31, 2020 **Unit: NT$ thousand**

Item	Amount: Cost	Amount: Net realizable value	Remark
Raw materials	$ 14,281		For basis for the net realizable value of inventories,
Less: Allowance for price decline	(10)		please refer to Note IV (VII) of the financial statements.
Subtotal	14,271	14,281	
Work in process and semi-finished products	8,855		
Less: Allowance for price decline	-		
Subtotal	8,855	8,855	
Finished goods and commodity	169,608		
Less: Allowance for price decline	(3,587)		
Subtotal	166,021	225,041	
	$ 189,147	248,177	

Details of Other Current Assets

Item	Amount
Business tax credit	$ 4,931
Prepaid expenses	2,212
Other (individual amount not exceeding 5%)	355
Total	$ 7,498

APAQ Technology Co., Ltd.
Statements of Financial Assets Measured
at Fair Value Through Other Comprehensive Income - Current
December 31, 2020 **Unit: NT$ thousand**

Name of financial product	Summary	Shares (Thousand shares)	Total	Acquisition cost	Fair value Unit price (NT$)	Fair value Total	Pledge or guarantee
Chaintech Technology Corporation	Shares of publicly-listed company	$ 4,710	$ 138,474	159,248	$ 29.40	138,474	None

Statements of Financial Assets Measured
at Fair Value Through Other Comprehensive
Income - Non-current

Please refer to Note (VI) B. of parent company only financial statements for "Statements of Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-current."

APAQ Technology Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

January 1 to December 31, 2020

Unit: NT$ thousands;

number of shares: thousand shares

	Beginning balance		Increase					Ending Balance			Market value or net equity	
Location	Shares	Amount	Shares	Amount	Investment Profit and loss	Cumulative translation adjustment	Changes in unrealized transaction gains between associates	Shares	Amount	Shareholding %	Unit Price	Total price
APAQ Investments Limited	41,504	$ 1,639,854	3,000	89,390	87,508	31,424	-	44,504	1,848,176	100.00%	-	1,867,060
APAQ Technology (Hubei) Co., Ltd.	-	17,661	-	104,960	25,362	3,931	-	-	151,914	100.00%	-	151,914
Less: changes in unrealized transaction gains between associates		(13,661)		-	-	-	(1,251)		(14,912)			-
		$ 1,643,854		194,350	112,870	35,355	(1,251)		1,985,178			2,018,974

Note: Neither guarantees nor pledge has been provided for long-term equity investments.

APAQ Technology Co., Ltd.
Details of Changes in Property, Plant and Equipment
January 1 to December 31, 2020

Please refer to Note (VI) F. of parent company only financial statements for information on "Property, Plant and Equipment."

Details of Accumulated Depreciation of Property, Plant, and Equipment

Please refer to Note (VI) F. of parent company only financial statements for information on "Details of Accumulated Depreciation of Property, Plant, and Equipment."

Details of Changes in Right-of-Use Assets

Please refer to Note (VI) G. of parent company only financial statements for information on "Details of Changes in Right-of-Use Assets."

Details of Accumulated Depreciation of Right-of-use Assets

Please refer to Note (VI) G. of parent company only financial statements for information on "Details of Accumulated Depreciation of Right-of-use Assets."

APAQ Technology Co., Ltd.
Details of Changes in Intangible Assets
January 1 to December 31, 2020

Please refer to Note (VI) I. of parent company only financial statements for information on "Details of Changes in Intangible Assets."

Details of Deferred Income Tax Assets
December 31, 2020

Please refer to Note (VI) N. of parent company only financial statements for information on "Details of Deferred Income Tax Assets."

Details on Other Non-Current Assets

Please refer to Note (VI) H. of parent company only financial statements for information on "Details on Other Non-Current Assets."

APAQ Technology Co., Ltd.

Details of Short-term Borrowings

December 31, 2020 **Unit: NT$ thousand**

Type of loans	Creditor	Ending Balance	Contract period	Interest rate range	Unused limit	Collaterals or pledge
Credit loan	Mega International Commercial Bank	$ 85,000	2020/8/2 2021/5/4-	1%	165,000	None
Credit loan	Hua Nan Commercial Bank	80,000	2020/11/5 2021/3/17-	1.03%	20,000	None
Credit loan	Chang Hwa Bank	-			150,000	None
Credit loan	KGI Bank	120,000	2020/10/29 2021/3/30-	0.98656%~0.98711%	80,000	None
Credit loan	Far Eastern International Bank	85,000	2020/11/3 2021/3/3-	1%	15,000	None
Credit loan	Land Bank of Taiwan	-			100,000	None
Credit loan	Fubon Bank	125,000	2020/11/10 2021/2/10-	0.98%	45,880	None
Credit loan	Taiwan Shin Kong Commercial Bank Co., Ltd.	100,000	2020/11/11 2021/1/11-	1%	-	None
Credit loan	JihSun Bank	80,000	2020/11/24 2021/2/24-	1%	-	None
Credit loan	E. SUN Commercial Bank	100,000	2020/10/8 2021/3/9-	0.88%	-	None
Credit loan	CTBC Bank	90,000	2020/11/18 2021/3/15-	0.92%~0.97%	60,000	None
Credit loan	Bank of Shanghai	-			85,440	None
		$ 865,000			$ 721,320	

APAQ Technology Co., Ltd.
Details of Accounts Payable
December 31, 2020

Unit: NT$ thousand

Customer Name		Amount
Chi Ling Company Limited	$	3,293
UNI-ONWARD Corp.		2,164
Hanmark Industrial Co., Ltd.		1,999
Suzhou Yacoo Science Co., Ltd.		1,941
Shenzhen Capchem Technology Co., Ltd.		1,622
Hou-Yi International Enterprise Co., Ltd.		958
Other (individual amount not exceeding 5%)		4,143
Total	**$**	**16,120**

Details on Other Current Liabilities

Item		Amount
Income tax payable	$	45,721
Professional service fees payable		6,279
Other (individual amount not exceeding 5%)		18,229
Total	**$**	**70,229**

APAQ Technology Co., Ltd.
Details on Bonds Payable
December 31, 2020

Please refer to Note (VI) N. of parent company only financial statements for information on "Details on Bonds Payable."

Details on Lease Liabilities

Please refer to Note (VI) L. of parent company only financial statements for information on "Lease Liabilities."

Details on Operating Revenues
January 1 to December 31, 2020 **Unit: NT$ thousand**

Item	Quantity		Amount
Coiled conductive polymer solid capacitors	1,529,148 thousand units	$	1,600,160
Chip-type conductive polymer solid state appliances	134,239 thousand units		324,641
Other			88,153
Total		**$**	**2,012,954**

APAQ Technology Co., Ltd.

Details on Operating Costs

January 1 to December 31, 2020 **Unit: NT$ thousand**

Item	Amount
Finished goods at the beginning	$ 104,376
Add: finished foods purchased for the period	1,555,794
Other	378
Less: finished goods at the end	(157,696)
Transfer fees and others	(498)
Cost of goods sold	1,502,354
Initial stock	11,603
Add: materials purchased for the period	32,226
Other	1,349
Less: Final Stock	(14,281)
Sales of raw materials	(33)
Transfer fees and others	(2,734)
Direct materials consumed for the period	28,130
Direct labor cost	24,382
Manufacturing overhead	30,677
Manufacturing cost	83,189
Add: work in progress and semi-finished products in the beginning	6,016
Less: work in progress and semi-finished products at the end	(8,855)
Cost of finished goods	80,350
Add: Finished goods - beginning of period	12,626
Less: Finished goods - end of period	(11,912)
Transfer fees and others	(248)
Production and marketing cost	80,816
Sales of raw materials	33
Total operating costs	**$ 1,583,203**

APAQ Technology Co., Ltd.

Details of Sales Expenses

January 1 to December 31, 2020 **Unit: NT$ thousand**

Item	Amount
Salary	$ 19,668
Import and export fees	8,061
Year-end bonuses	6,507
Miscellaneous	5,745
Other (individual amount not exceeding 5%)	10,217
Total	**$ 50,198**

Details of Management Expenses

Item	Amount
Salary	$ 45,018
Year-end bonuses	20,724
Depreciation	5,927
Service fees	5,898
Miscellaneous	5,067
Other (individual amount not exceeding 5%)	8,912
Total	**$ 91,546**

APAQ Technology Co., Ltd.
Details of Research and Development
January 1 to December 31, 2020 **Unit: NT$ thousand**

Item	Amount
Salary	$ 31,594
Year-end bonuses	10,690
Depreciation	5,553
Amortization	4,199
Consumables fees	4,013
Other (individual amount not exceeding 5%)	14,657
Total	**$ 70,706**

Details of the Net Amount of Other Revenues and Gains and Expenses and Losses

Please refer to Note (VI) S. of parent company only financial statements for information on "Details of the Net Amount of Other Revenues and Gains and Expenses and Losses."

VI. Influence of Difficult Financial Turnover on the Financial Status of the Company and its Affiliates in the Most Recent Year up to the Printing Date of Annual Report: None

Chapter 7. Review, Analysis and Risk Management of Financial Status and Performance

I. Comparative Analysis Sheet of Financial Status (Consolidated)

Unit: NTD thousand

Year / Item	2020		2019		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	2,482,274	61	2,157,422	59	324,852	15
Real property, plant, and equipment	1,183,327	30	1,176,196	32	7,131	1
Intangible assets	36,796	1	37,259	1	(463)	(1)
Other assets	334,200	8	283,236	8	50,964	18
Total asset value	4,036,597	100	3,654,113	100	382,484	10
Current liabilities	1,839,477	46	1,431,964	39	407,513	28
Non-current liabilities	17,782	-	257,162	7	(239,380)	(93)
Total liabilities	1,857,259	46	1,689,126	46	168,133	10
Share capital	845,248	21	845,011	23	237	0
Capital surplus	561,362	14	560,800	15	562	0
Retained earnings	858,029	21	680,939	19	177,090	26
Other equity interest	(85,301)	(2)	(121,763)	(3)	36,462	(30)
Treasury stock	0	0	0	0	0	-
Total shareholder equity	2,179,338	54	1,964,987	54	214,351	11

I. Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, the amount of change reached NT$10 million):

1. Current liabilities and non-current liabilities: Mainly due to the shift of non-current liabilities to current liabilities as the convertible corporate bond approached within one year of its maturity (April 27, 2021).
2. Retained earnings: Mainly due to the increase in the Company's net profit in the current year.
3. Other equity: Mainly due to losses on the exchange differences resulting from translating the financial statements in foreign operations in the current year.

II. These changes herein did not significantly impact the Company.

II. Financial Performance

(I). Comparative Analysis Sheet of Financial Performance In the Most Recent Two Years (Consolidated)

Unit: NTD thousand

Item \ Year	2020		2019		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Net operating revenue	2,384,625	100	2,002,841	100	381,784	19
Operating costs	1,701,353	71	1,540,718	77	160,635	10
Gross profit	683,272	29	462,123	23	221,149	48
Operating expenses	296,374	12	254,072	13	42,302	17
Operating profit	386,898	17	208,051	10	178,847	86
Non-operating income and net expenses	(41,474)	(2)	(15,849)	0	(25,625)	162
Profit before income tax	345,424	15	192,202	10	153,222	80
Income tax expenses	83,809	4	53,131	3	30,678	58
Net profit in this period	261,615	11	139,071	7	122,544	88

I. Analysis of changes in percentage (for the change of more than 20% between the previous and current periods, the amount of change reached NT$10 million):

Gross profit, operating profit, net profit before tax, income tax expenses, and net profit in this period: Mainly due to the increase in the Company's revenue and gross profit attributable to the outbreak of the pandemic in 2020 which had catalyzed the trend of work from home and remote learning that in turn stimulated the demand for MB/NB/VGA/Server/game console, etc., and also to the addition of the cost-competitive Hubei plant for coiled solid-state capacitors to the Company's production lines that had increased operating efficiency and revenue.

Non-operating income and net expenses: Mainly due to losses on foreign currency exchange because of the dollar depreciation.

II. Expected sales volume and its basis, possible impact on the Company's future financial operations and response plans:

In response to the future development towards the market of 5G/IoT/AI/Power/Automotive/Industrial, APAQ has continued to develop conductive polymer solid-state capacitors with the characteristics of low impedance, high ripple, miniaturization, long life, high-temperature resistance and high voltage for the future market.

III. Cash Flow

(I) Change in cash flow in the most recent year

Unit: NTD thousand

Item \ Year	2020	2019	Increase (decrease)
Net cash flow from operating activities	351,063	393,299	(42,236)
Net cash flow from investment activities	(219,958)	(61,489)	(158,469)
Net cash flow from financing activities	(154,104)	(238,836)	84,732

Analysis of increase and decrease:

(1) Operating activities: Mainly due to the large market demand that resulted in the hightened inventory stockup.

(2) Investment activities: Mainly due to the increase in expenditures for real property, plant and equipment in 2020.

(3) Financing activities: Mainly due to less repayment for short-term loans in 2020 compared with that in 2019.

(II) Improvement plan for insufficient cash liquidity: None.

(III) Cash liquidity analysis for the coming year

Unit: NTD thousand

Opening cash balance (A)	Annual net cash flow from operating activities (B)	Annual cash outflow (C)	Estimated cash balance (deficit) (A) + (B) - (C)	Remedial measures for cash inadequacy	
				Investment plan	Financing plan
683,514	310,961	-452,138	542,337	N/A	N/A

Cash liquidity analysis for the following year:

(1) Operating activities: Revenue and profit growth generates cash inflow.

(2) Investment activities: Purchase of capital assets generates net cash outflow in investment activities.

(3) Financing activities: Repayment of loan and distribution of cash dividends generate net cash outflow in financing activities.

IV. Impact of major capital expenditures on financial operations in the most recent year: None

V. Investment policy in the most recent year, the main reason for its profit or loss, the improvement plan and the investment plan for the coming year.

(1) According to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies formulated by the competent authority, the Company has formulated Procedures for Acquisition or Disposal of Assets as the basis of our investment to master related business and financial status; in addition, the Company has formulated management measures for subsidiaries in internal control system to improve supervision and management of the company to be invested, for which it establishes relevant specifications on information disclosure, finance, business, goods on hand and financial management. Also, the Company carries out audit regularly and builds relevant business

risk mechanism, ensuring to maximize our investment business.

(2) NT$87,508 return on investment was generated by recognition of the Company to the subsidiary APAQ Investments Limited under the equity method at the end of 2019.

(2) NT$25,362 return on investment was generated by recognition of the Company to the subsidiary APAQ Technology (Hubei) Co., Ltd., under the equity method at the end of 2019.

(3) All the investments of the Company are long-term strategic investment. We master the operation and financial status of the business invested as well as carry out prudential assessment of the investment plan.

(4) The investment policy of the Company and the investment plan for the next year are focused on the business related to what the Company has operated.

VI. Matters of risk in the past year up to the date of publication of this annual report shall be analyzed and addressed as follows:

1. The impact of inflation or fluctuation in the interest or foreign exchange rate on the Company's gains or losses and the response thereto

(1) Impact of fluctuation in exchange on the Company's operating revenue and profitability and concrete measures adopted by the Company against exchange rate fluctuation

The ratios of overseas sales accounting for total operating revenue of the Company in the most recent two years are 98.34% and 96.48%, respectively; therefore, the exchange rate fluctuation has certain influence on operating revenue. As the valuation of transactions from the Company to its major suppliers is in USD, which nets out each other and brings the exchange rate fluctuation into the effect of hedging to some extent. Therefore, the overall exchange rate fluctuation has little influence on profitability. With active learning of hedging instrument of foreign currency, the Company will carry out hedging properly to reduce the influence of exchange risk on the Company's profitability. Exchange gain or loss in the most recent year are as follows:

Unit: NTD thousand

Year/Item	2020	2019
Exchange gain (loss)	(68,138)	(8,436)
Net operating revenue	2,384,625	2,002,841
Percentage of exchange gain (loss) accounting for revenue	-2.86%	-0.42%

Concrete measures adopted by the Company against exchange rate fluctuation are as follows:

(a) Opening a foreign currency deposit account and keeping in close touch with major correspondent banks to collect relevant information to exchange rate fluctuation at any time and to be in good control of exchange rate, then knowing the lowest time point to purchase foreign exchange and the best time point of exchange settlement.

(b) Reserving appropriate foreign currency deposit assets for hedging of natural exchange for payment and liability of corresponding foreign currency, actively learning hedging instrument of foreign currency and carrying out hedging properly to reduce the influence of exchange risk on the Company's profitability.

(2) The fluctuation in interest rate still has limited influence on the Company due to low market rate and low rate of interest income and expense accounting for net amount of turnover.

(3) Influence of Inflation in the most recent two years on the Company: None.

2. The policies for, and main reasons for gains or losses in, high-risk, high-leveraged investments, loans to others, endorsements/guarantees, and transactions involving derivative products and the response thereto:

(1) Currently, the Company does not engage in any high-risks or highly leveraged investments.

(2) Endorsement or guarantee to others:

December 31, 2020, Unit: NTD thousand

No.	Endorser /guarantor corporate name	Endorsee/guarantee		Limit on endorsements / guarantees for single endorsee / guarantee	Highest balance to limit for this period	End-of-period balance to limit	Actual expenditure	Amount of endorsement / guarantee with collateral	Ratio of aggregate balance of endorsement / guarantee to net equity per latest financial statements	Overall limit on endorsement / guarantee	Endorsor / guarantor is parent company	Endorsor / guarantor is subsidiary	Endorsee / guarantee in mainland China
		Corporate name	Relation										
0	The Company	APAQ Wuxi	Subsidiary	2,179,338	453,750	199,360	-	-	9.75%	2,179,338	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,179,338	206,430	199,630	-	-	9.75%	2,179,338	Y	N	Y

Note 1. The amount of the endorsements/guarantees for a single enterprise shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year.

Note 2. The total amount of endorsements/guarantees to external parties shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year.

(3) The Company's policy on endorsement/guarantee: The total amount of the Company's endorsements/guarantees to external parties shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The amount of the Company's endorsements/guarantees for a single enterprise shall be limited to the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. In addition to the aforementioned restrictions, where the Company provides endorsement/guarantee based on a transactional relationship, the amount of the respective endorsement/guarantee shall not exceed the total value of the underlying transactions between the parties. The total value of the underlying transaction refers to the greater of the sales or purchase value between the parties.

(4) The Company's policy on loans to others: The total amount of the Company's loans to others shall be limited to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The amount of the Company's loan to an individual company or business with which the Company has business relationship shall be limited to the total value of the underlying transactions between the parties. The total value of the underlying transaction refers to the greater of the sales or purchase value between the parties. Where the Company by necessity provides a short-term loan to any company or business, the amount shall be limited to to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year. The loans between the Company and an overseas company pf which the Company directly or indirectly holds 100% of the shares with voting right shall not be subject to the aforementioned restriction. The Company's outstanding loans to others are as follows:

December 31, 2020, Unit: NTD thousand

No.	Lending company	Borrower	Transaction category	Related party	Highest balance in current period	End-of-period balance	Actual expenditure	Interest range	Nature of loan	Amount of business transaction	Reason for short-term financing	Allowance for loss	Collateral		Limit on amount loaned to single party	Overall limit on amount of loan
												Amount	Name	Value		
0	The Company	APAQ Wuxi	Other receivables - related party	Yes	453,750	170,880	-	2.896%	Business transaction	1,555,794	-	-	-	-	871,735	871,735
0	The Company	APAQ Hubei	Other receivables - related party	Yes	176,940	1770,880	-	2.896%	Short-term Financing	-	Subsidiary business needs	-	-	-	871,735	871,735

Note 1. The amount of the Company's loan to an individual company or business with which the Company has business relationship shall be limited to the total value of the underlying transactions between the parties.

Note 2. The aggregate amount of the Company's loans to others shall be limited to 40 percent of the total shareholder equity of the parent company as specified in the balance sheet of the Company's consolidated financial statements audited and certified by a CPA for the most recent year.

(5) The policies, main reasons for gain or loss, and future countermeasures with respect to derivatives transaction: The Company issued the second domestic unsecured convertible corporate bond in 2020. The redemption right of convertible corporate bonds is NT$0 of non-derivatives instruments.

3. Future R&D plans and estimated expenses:

In addition to keep investing in coiled mainboard application market, the Company continues to develop high-voltage and high-reliability capacitors for applications in power supply and industrial machines, including adding the chip-type capacitor product line for laptop applications. The expenditure in R&D in 2021 is expected to continue to increase to about 3.5% of revenue.

4. The impact of changes in major domestic/overseas policies and regulations on the Company’s finance and business, and the response thereto:

The Company operates in accordance with the relevant laws and regulations of this and other countries in which it does business, and the personnel involved also closely observe and reflect the changes in laws and regulations as they take place for management decision making. Therefore, the Company stays informed of and can formulate timely responses to important changes in domestic and foreign policies.

5. The impact of changes in technology and industries during the past year on the Company's finance and business, and the response thereto:

The Company continues to invest a great amount of resources in developing new technologies and timely and adequately assesses the industrial trend and changes. The Company will continue to adjust its business strategies while observing the trends in future technology. During the past year up to the date of publication of this annual report, there has not been any instance where changes in technology and industries have significantly impacted the Company's finance or business.

6. The impact of any shift in corporate image during the past year on the Company's risk management, and the response thereto:

The Company operates business on principles of reliability and accountability and maintains a positive corporate image. During the past year up to the date of publication of this annual report, there has not been any instance where a shift in corporate image has significantly impacted the Company's risk management.

7. The projected benefits and potential risks in mergers and acquisitions, and the response thereto: The Company was not involved in merger or acquisition in this period.

8. The projected benefits and potential risks in plant expansion, and the response thereto: The Company did not undertake any project in plant expansion in this period.

9. Risks in centralization of purchase or sales channels and the response thereto:

(1)Purchase: The Company's main raw materials are aluminum foil, electrolytic paper, guide pin, colloidal particle and aluminum case, in which the cathode side of the aluminum foil is mainly supplied by Chinese manufacturers at current, consistent with the characteristics of centralization of procurement on the supply side. In order to reduce the risks associated with centralized procurement, the Company is actively seeking to use alternative materials from more diversified sources in the production of new products while building and maintaining good cooperative relationships with the domestic and foreign suppliers to ensure we do not have to worry about shortage of supply.

(2)Sales: The Company mainly sells to PC system manufacturers in the Asian-Pacific region and maintains intimate and positive business relationships with the clients. Besides faithfully maintaining the loyal clientele, the Company also strives to develop new products and new clients so to reduce the risks associated with centralization of sales.

10. The risks of mass transfer or exchange of shares by the directors, supervisors, or shareholders of more than ten percent of the Company's shares, their impact on the Company, and the response thereto: None.

11. The risk of change in management right, its impact on the Company, and the response thereto: None.

12. Incidents of litigation or injunction: None.

13. Other important risks and responses thereto: None.

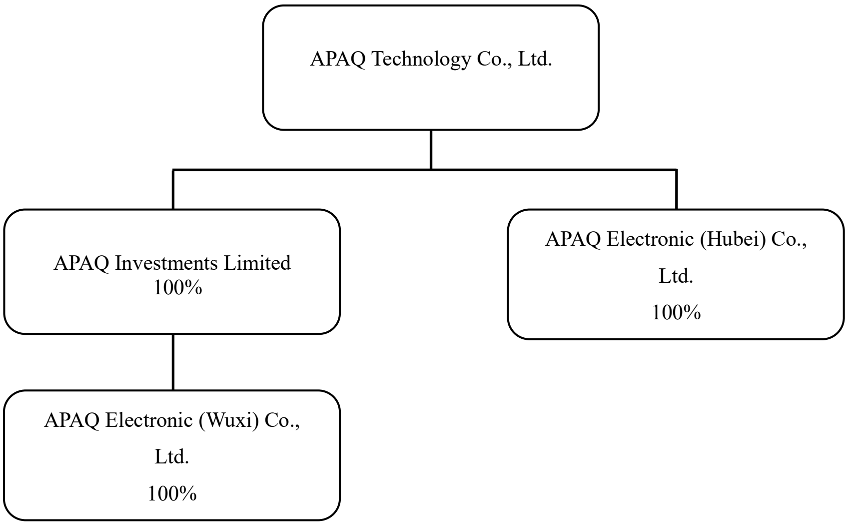
VII. Other matters: None

Chapter 8. Special Disclosure

I. Relevant Data of Affiliated Companies:

(I) Overview of affiliated companies

1. Organization chart of affiliated companies



2. Names of affiliated companies and their basic information:

Unit: NTD thousand

Company name	Date of Founding (Investment)	Address	Paid-up capital	Primary business
APAQ Investments Limited	2006	Samoa	1,848,176	Holding
APAQ Electronic (Wuxi) Co., Ltd.	2007	Wuxi City, Jiangsu Province	1,293,113	Production and sales of electronic components
APAQ Electronic (Hubei) Co., Ltd.	2019	Shiyan City, Hubei Province	120,550	Production and sales of electronic components

3. Subordinate company or companies in which the Company has direct or indirect control over management of the personnel, finance or business operations as specified in Article 369 of the Company Act, Paragraph 2, Subparagraph 2: None.

4. Information on the directors, supervisors, and general managers of each affiliated company:

Company name	Title	Name or representative	Number of shares in thousands	%
APAQ Investments Limited	Director	APAQ Technology Co., Ltd. Representative: Tun-Jen Cheng	44,504	100%
APAQ Electronic (Wuxi) Co., Ltd.	Director	APAQ Investments Limited Representatives: Tun-Jen Cheng, Ching-Feng Lin and Hsi-Tung Lin	Note	100%
	General Manager	Ching-Feng Lin	Note	0%
APAQ Electronic (Hubei) Co., Ltd.	Director	APAQ Technology Co., Ltd. Representative: Tun-Jen Cheng	Note	100%
	General Manager	Ching-Feng Lin	Note	0%

Note: The company is a limited company with no share issued.

5. The names of the directors, supervisors, and general managers of affiliated companies and the number of shares they hold: None.

(II) Operations overview of affiliated companies

Unit: NTD thousand

Company name	Capital	Total asset value	Total liabilities	Equity	Revenue	Operating profit (loss)	Gain (loss) during this period
APAQ Investments Limited	1,848,176	1,872,028	4,968	1,867,060	0	(3,557)	105,887
APAQ Electronic (Wuxi) Co., Ltd.	1,293,113	2,432,349	608,368	1,823,981	1,964,942	158,503	107,913
APAQ Electronic (Hubei) Co., Ltd.	120,550	257,424	105,511	151,913	224,947	33,999	25,362

(III) Consolidated financial statements of affiliated companies: Please refer to page 81 to 136 of this annual report.

(IV) Business scope of the Company and its subsidiaries

The scope of business of the Company and its subsidiaries encompasses the research, development, production, and sales of subminiature capacitor products having high-temperature resistance, long life, and low impedance and the research, development, and production of high-voltage capacitors, chip-type capacitors, organic-semiconductor solid capacitors, and high-storage capacitors upon customer demand.

II. Securities issued by private placement in the past year up to the date of publication of this annual report: None.

III. Securities of the Company held or disposed by subsidiaries in the past year up to the date of publication of this annual report: None.

IV. Other Necessary Supplemental Information: None.

V. Any Event Which Has a Material Impact on the Company's Shareholders' Rights and Interests or Securities Prices as Specified in Article 36 of the Securities and Exchange Act, Paragraph 3, Subparagraph 2:

The events which had material impact on the Company's shareholders' rights and interests or securities prices as specified in Article 36 of the Securities and Exchange Act, Paragraph 3, Subparagraph 2, in the past year up to the date of the publication of this annual report are posted on the Market Observation Post System (MOPS) as required by regulations. MOPS website is: https://mops.twse.com.tw/.

Date	Item
January 29, 2020	Announcement on behalf of subsidiaries in mainland China of the delay in returning to work after the Spring Festival until February. 10
February 11, 2020	Announcement of repayment upon maturity of the Company's first issue of domestic unsecured convertible corporate bond.
March 24, 2020	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors
May 6, 2020	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors (additional agenda)
May 6, 2020	Announcement of dividend distribution upon resolution of the Company's Board of Directors
May 6, 2020	Announcement of the Board of Directors' approval of the Company's appointment of the governance executives
May 6, 2020	Announcement of the increase in investment in APAQ Electronic (Hubei) Co., Ltd., in mainland China upon resolution of the Company's Board of Directors
June 17, 2020	Announcement of the important resolutions of at the Company's shareholders' meeting
June 17, 2020	Announcement of the reelection of the Chairman of the Company's Board of Directors
June 17, 2020	Announcement of the appointment of members to the fourth Renumeration Committee upon resolution of the Company's Board of Directors
June 17, 2020	Announcement of the establishment of the Company's Audit Committee
June 17, 2020	Announcement of the approval of reelection results of Directors at the 2020 annual shareholders' meeting
June 17, 2020	Announcement of the approval of the revocation of non-compete covenant for newly elected directors at the Company's 2020 annual shareholders' meeting
July 3, 2020	Announcement of the base date for the Company's dividend distribution
August 4, 20202	Compliance of the amount of additional loan to the wholly owned subsidiary (APAQ Wuxi) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 22, Paragraph 1, Subparagraph 3.
August 4, 20202	Compliance of the amount of additional loan to the wholly owned subsidiary (APAQ Hubei) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 22, Paragraph 1, Subparagraph 3.
August 4, 20202	Compliance of the endorsement/guarantee for the wholly owned subsidiary (APAQ Wuxi) with the standards set forth in the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, Article 25, Paragraph 1, Subparagraphs 3 and 4.
August 4, 20202	Compliance of the endorsement/guarantee for the wholly owned subsidiary (APAQ Hubei) with the standards set forth in the Regulations Governing Loaning of Funds and

Date	Item
	Making of Endorsements/Guarantees by Public Companies, Article 25, Paragraph 1, Subparagraphs 3 and 4.
November 5, 2020	Announcement of the submission to the Board of Directors of the consolidated financial statements for the third quarter of 2020.
November 6, 2020	Announcement of the change of the General Manager on behalf of the subsidiary APAQ Electronic (Wuxi) Co., Ltd.
November 6, 2020	Announcement of the change of the CEO on behalf of the subsidiary APAQ Electronic (Wuxi) Co., Ltd.
November 11, 2020	Announcement of the participation of the Company upon invitation in the institutional investors' conference at the Grant Fortune Securities
February 25, 2021	Announcement of the approval of the 2020 consolidated financial statements upon resolution of the Company's Board of Directors
February 25, 2021	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors
February 25, 2021	Announcement of the Board of Directors' approval of the Company's revocation of the non-compete covenant for the managerial officers
April 27, 2021	Announcement of the repayment upon maturity of the Company's second issue of domestic unsecured convertible corporate bond.
May 7, 2021	Announcement of the submission to the Board of Directors of the Company's consolidated financial statements for the first quarter of 2021
May 7, 2021	Announcement of dividend distribution upon resolution of the Company's Board of Directors

APAQ Technology Co., Ltd. 鈺邦科技股份有限公司

Representative: Tun-Jen Cheng 鄭敦仁

General Manager: Hsi-Tung Lin 林溪東

Printed on May 7, 2021