Stock Code:6449

APAQ Technology Co., Ltd.

2021 Annual Report

Printed on May 10, 2022

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:Pei-Ling Li, Director of Finance Division & Corporate Governance Officer

Tel.: (037) 777-588

Email: estherli@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

Factory: Building 2, Jintongling Electronic Industrial Park, Zhuxi County, Shiyan City, Hubei Province, China

Tel: (86) 719-2727898

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: Zheng-Xue,Chen, Wan-Yuan Yu

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 ExternalCompetition, Legal Environment, and Overall Business Environment this Year

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.

In 2021, the market demand for MB & VGA & NB/Chromebook was stable, and shipments of DIP/Vchip/CAP products increased. In addition, the epidemic in Malaysia severely affected Japanese E-CAPs. A large number of important NB customers switched to solid-state Vchips, with increase in shipments. Consequently, APAQ's operating performance in 2021 reached a record high.

Part of the expansion equipment in 2021 was behind in schedule. In 2022, APAQ will continue to expand its product lines such as wound (Vchip) and stacked (CAP) solid-state capacitors to meet market demand and increase revenue and gross profit.

II. 2021 Operating Outcome

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

Unit: NTD thousands

Item	2021	2020	Growth Rate
Net operating revenue	2,822,408	2,384,625	18.35%
Gross profit	746,862	683,272	9.30%
Operating profit	402,471	386,898	4.02%
Net income after tax (NIAT)	306,367	261,615	17.10%

2. Implementation status of budget: N/A.

III. Research and Development

With the development of 5G and AI technology, the growth has been seen in demand in high-end markets such as communication (5G base station), high performance computing (HPC) and data center, server, e-sports PC, commercial NB and electric vehicle; APAQ will continue to develop niche wound (solid/hybrid/liquid) capacitors and stacked solid-state capacitors in 2022 for use in high-end markets.

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 2. 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.

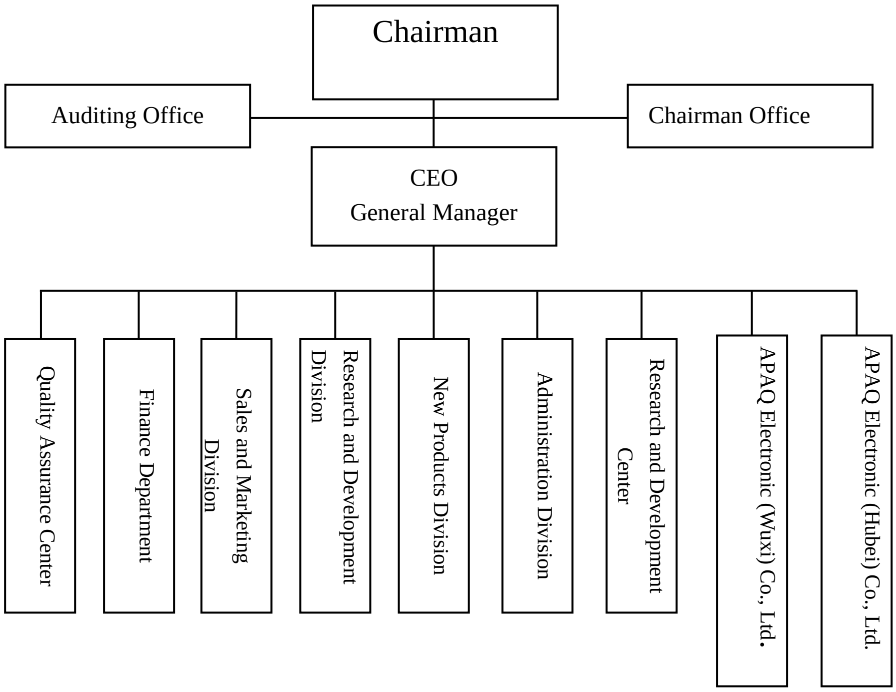
2020 · 23,668 new shares were issued by the conversion of first domestic unsecured convertible bond and paid-up capital was increased to NT$845,247,510.

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 duties
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.

Department	Major duties
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, planning and manufacturing 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 23, 2022, Unit: share

Title	Nationality/ place of registration	Name	Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who Are Spouses or within the Second Degree of Kinship		
							Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)			Title	Name	Relation
Chairman	R.O.C.	Tun-Jen Cheng	Male 60- 69 years old	June 17, 2020	Three years	December 23, 2005	2,799,358	3.31	2,964,358	3.33	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., Legal person, supervisor and representative of IMAT Corporation Legal person, supervisor and representative of Lianda Intelligent Corporation Legal person, chairman and representative of Greenliant Technology Co., Ltd. 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 Investment Limited, APAQ Electronic (Wuxi) Co., Ltd., and APAQ Electronic (Hubei) Co., Ltd. Director of INPAQ Technology (Suzhou) Co., Ltd., INPAQ Technology (China) Co., Ltd., INPAQ Trading (Suzhou) Co., Ltd., and INPAQ Trade (Suzhou) Co., Ltd.	None	None	None
Director	R.O.C.	Huacheng Venture Capital Co., Ltd.	N/A	June 17, 2020	Three years	June 26, 2009	10,668,012	12.62	10,668,012	11.99	0	0	0	0	N/A	N/A	None	None	None
	R.O.C.	Juristic-person Representative Hsien-Yueh Hsu	Male 50- 59 years old	June 17, 2020	Three years	August 7, 2014	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. Juristic-person Director Representative of AAEON Technology Co., Ltd.	None	None	None
Director	R.O.C.	Ching-Feng Lin	Male 60- 69 years old	June 17, 2020	Three years	June 26, 2009	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., and General Manager of APAQ Electronic (Hubei) Co., Ltd. Juristic-person Director Representative of Shiu Li Technology Co., Ltd.	None	None	None

Title	Nationality/ place of registration	Name	Age	Date elected	Term	Date First Elected	Shareholding When Elected		Number of shares held currently		Spouse & minor children shareholding		Shareholding by nominees		Experience (Education)	Other position(s) concurrently held at the Company or other companies	Executives or Directors who Are Spouses or within the Second Degree of Kinship		
							Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)	Number of shares	Shareholding ratio (%) (Note 1)			Title	Name	Relation
Director	R.O.C.	INPAQ Technology Co., Ltd.	N/A	June 17, 2020	Three years	July 7, 2006 (Note 2)	4,776,329	5.65	4,776,329	5.37	0	0	0	0	N/A	N/A	None	None	None
	R.O.C.	Juristic-person Representative Ming-Ts'an Tseng	Male 50- 59 years old	June 17, 2020	Three years	June 17, 2020	0	0	0	0	0	0	0	0	Ph.D. in Chemical Engineering, Taiwan National University,	General Manager of INPAQ Technology Co., Ltd., Representative of CANFIELD LTD., Representative of INPAQ Technology Co., Ltd., Representative of INPAQ Electronic (Suzhou) Co., Ltd., Representative of INPAQ Technology (China) Co., Ltd., Representative of INPAQ Trading (Suzhou) Co., Ltd., Representative of INPAQ Trade (Suzhou) Co., Ltd., Representative of Hong Kong INPAQ Electronic Co., Ltd., Representative of Taiwan INPAQ Electronic Co., Ltd., Representative of Hunan Hongdian Electronic Co., Ltd., Juristic-person Director Representative of Eleceram Technology Co., Ltd. Juristic-person Director Representative of Inpaq Euproe GmbH Juristic-person Director Representative of Joyin Co., Ltd.	None	None	None
Independent Director	R.O.C.	Chung-Ming Liu	Male 70- 79 years old	June 17, 2020	Three years	June 17, 2020	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	R.O.C.	Shu-Chien Liang	Male 70- 79 years old	June 17, 2020	Three years	June 12, 2014	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
Independent Director	R.O.C.	Chia-Ning Chang	Male 60- 69 years old	June 17, 2020	Three years	June 17, 2020	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: The first term of office is the period from July 7, 2006 to June 25, 2009, and he didn't 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 23, 2022

Name of Institutional Shareholder	Major shareholders of institutional shareholder	%
INPAQ Technology Co., Ltd.	Walsin Technology Corporation Tai Feng Shou Co., Ltd. Fubon Life Insurance Co., Ltd. Investment account of China Trust in custody of Taiwan Life (V) Tun-Jen Cheng Fu Kai Investment Management and Consulting Co., Ltd. Ming-Ts'an Tseng Argosy Research Inc. Zai-Xin Cheng Wen-Cheng Yan	34.13% 5.14% 4.65% 2.14% 1.07% 0.78% 0.38% 0.36% 0.32% 0.32%
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 23, 2022

Name of Institutional Shareholder	Major shareholders of institutional shareholder	%
Walsin Technology Corporation	Walsin Lihwa Corporation HannStar Board Coorporation Global Brands Manufacture Ltd. Walton Advanced Engineering, Inc. Kim Eng Securities (HK) Limited investment account in trust of Citibank Yu-Heng Chiao Winbond Electronics Corporation Chunghwa Post Investment account of Cathay Investment Trust in custody of Phase V of Chunghwa Post Vanguard Emerging Markets Stock Index Fund account in trust of J.P.Morgan Chase Bank Chip-care Investment Co., Ltd.	18.30% 7.57% 3.22% 2.75% 2.74% 2.65% 1.77% 1.42% 1.42% 1.37%
Tai Feng Shou Co., Ltd.	Walsin Color Corporation	100%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100%

Name of Institutional Shareholder	Major shareholders of institutional shareholder	%
Fu Kai Investment Management and Consulting Co., Ltd.	Hsiu-Chih Cheng	29.70%
	Su-Chuan Chang	10.40%
	Fu-Jen Cheng	10.40%
	Ching-Yun Cheng	9.70%
	Yu-Chieh Cheng	9.70%
	Chiao-Fang Cheng	8.90%
	I-Chen Chiang	8.10%
	Chao-Kai Cheng	7.20%
	Chao-Chi Cheng	5.90%
Argosy Research Inc.	Guanze Corporation	16.39%
	Chao-Liang Wang	6.40%
	Fubon Life Insurance Co., Ltd.	4.00%
	Sinbon Electronics Corporation	3.52%
	Shu-Zhen Chen	2.90%
	New Labor Retirement Fund	2.45%
	Share investment account of Taishin Investment Trust in	1.73%
	custody of Taishin Life Insurance	1.70%
	Fund account of Uni-President Qianghan	1.29%
	Yi-Ben Yuan	1.13%
	Mao-Shiong Lin	
ASUSTek Computer Inc.	Ch'ung-T'ang Shih	
	Alliance of Anti-drug Professionals investment account in	
	trust of Cathay United Bank	
	ASUSTek Computer Inc. depository receipt in trust of	4.05%
	Citibank Taiwan Limited	2.78%
	Yuanta Taiwan Dividend Plus ETF account	2.65%
	New Labor Retirement Fund	1.88%
	Investment account of Morgan Stanley in custody of HSBC	1.88%
	Bank (Taiwan) Limited	1.67%
	Hilchester International Value Stock Trust investment	1.49%
	account in trust of HSBC	1.35%
	Fubon Life Insurance Co., Ltd.	1.34%
	Vanguard Emerging Markets Stock Index Fund account in	1.22%
	trust of J.P.Morgan Taiwan	
	PGIA Progress International Equity Index account in trust	
	of J.P.Morgan Chase Bank	

1. Information on Directors (II)

Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Name	Professional Qualification and Work Experience (Note 1)	Criteria of Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chairman Tun-Jen Cheng	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	Director who is an employee and manager of the Company, holds more than 1% of the Company's total issued shares and is among the top ten shareholders, and is institutional shareholder directly holding more than 5% of the Company's total issued shares.	0
Director Huacheng Venture Capital Co., Ltd. Juristic-person Representative: Hsien-Yueh Hsu	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	Director who is institutional shareholders directly holding more than 5% of the Company's total issued shares.	0
Director Ching-Feng Lin	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	Director who is an employee and manager of the Company, holds more than 1% of the Company's total issued shares and is the same person as the Chairman of the Company.	0
Director INPAQ Technology Co., Ltd Legal representative: Ming-Ts'an Tseng	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	Director who is institutional shareholders directly holding more than 5% of the Company's total issued shares.	0
Independent Director Chung-Ming Liu	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	I, my spouse, relatives within the second degree of kinship, and lineal relatives within the third degree of kinship have not served as directors, supervisors or employees of the Company or its Affiliated Companies;I, my spouse, relatives within the second degree of kinship (or in the name of others) do not hold the shares of the Company;	1
Independent Director Shu-Chien Liang	For the main education and work experience, please refer to II. 1. Information on Directors (1), with more than five years of work experience required for commercial and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	I, my spouse, relatives within the second degree of kinship, and lineal relatives within the third degree of kinship have not served as directors, supervisors or employees of the Company or its Affiliated Companies; I, my spouse, relatives within the second degree of kinship (or in the name of others) do not hold the shares of the Company;	0
Independent Director Chia-Ning Chang	For the main education and work experience, please refer to II. 1. Information on Directors (1), with the accounting and finance expertise, more than five years of work experience required for commercial financial, accounting and corporate businesses, and without any of the circumstances specified in Article 30 of the Company Act.	I, my spouse, relatives within the second degree of kinship, and lineal relatives within the third degree of kinship have not served as directors, supervisors or employees of the Company or its Affiliated Companies; I, my spouse, relatives within the second degree of kinship (or in the name of others) do not hold the shares of the Company;	0

Diversity of Board of Directors and Independence:

(I) Diversity Policies and Objectives of the Board, and Achievement: for the board structure, the Company shall determine the appropriate number of directors in consideration of the Company’s business development scale and the shareholding ratios of its major shareholders, as well as the practical operational needs. The board of directors should consider diverse composition, and formulate appropriate diversity policy based on its own operation, operation type and development needs. It should include but not limited to the following two standards: 1. Basic conditions and values: gender, age, nationality and culture. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors should generally have operational judgment ability, accounting and financial analysis ability, business management ability, crisis management ability, knowledge of the industry, an international market perspective, leadership, and decision-making ability. For the future development of the Company, the Company takes professional background as its diversity goal, and the number of directors who meet the professional background of marketing or technology should reach more than 25%.

The Company’s diversification policy and implementation are as follows. At present, there are 7 board members, all of whom have professional knowledge and skills, and the talents of individual directors belong to professional fields of industrial operation, technology research and development, marketing management, finance, accounting and taxation. And We have achieved diversification goals and possessed all the abilities required to perform their duties.

Diversified Core / Name of Director	Basic composition								Professional knowledge and skills				
	Nationality	Gender	Have employee status	Age			Seniority of Independent Director		Law	Accounting	Industry	Finance	Marketing or Technology
				50- 59 years old	60- 69 years old	70- 79 years old	Below 3 years	6~9 Years					
Chairman Tun-Jen Cheng	R.O.C.	Male	✓		✓				✓	✓	✓	✓	✓
Director Huacheng Venture Capital Co., Ltd. Juristic-person Representative: Hsien-Yueh Hsu	R.O.C.	Male		✓					✓	✓	✓	✓	✓
Director Ching-Feng Lin	R.O.C.	Male	✓		✓				✓	✓	✓	✓	✓
Director INPAQ Technology Co., Ltd Legal representative: Ming-Ts'an Tseng	R.O.C.	Male		✓					✓	✓	✓	✓	✓
Independent Director Chung-Ming Liu	R.O.C.	Male				✓	✓		✓	✓	✓	✓	✓
Independent Director Shu-Chien Liang	R.O.C.	Male				✓		✓	✓	✓	✓	✓	✓
Independent Director Chia-Ning Chang	R.O.C.	Male			✓		✓		✓	✓	✓	✓	✓

(II) Independence of the Board of Directors: The current Board of Directors of the Company consists of 7 directors, including 3 independent directors (accounting for 42.86%). The term of office of independent director, Shu-Chien Liang, is 8 years, and that of independent directors, Chung-Ming Liu and Chia-Ning Chang, is 2 years. All independent directors have no more than 3 consecutive terms. In addition, the directors of the Company have no relationship of spouses or relatives within the second degree of kinship, and have no situations as stipulated in Paragraphs 3 and 4 of Article 26-3 of the Securities Exchange Act, so the board of directors of the Company is independent.

2. General Manager, Vice General Managers, Assistant Managers and Managers of Departments and Branches: April 23, 2022 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	R.O.C.	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	R.O.C.	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
Sales and Marketing Division Vice President	R.O.C.	Han-Yuan Lin	Male	2001..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 Technology Research Institute, Biomedical Technology and Device Research Laboratories	None	None	None	None
Director of Research and Development Division and Quality Assurance Center	R.O.C.	Ming-Zung Chen	Male	2001.11.08	137,038	0.15	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

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 New Products Division	R.O.C.	Ming-Ku Chien	Male	2018.02.27	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
Head of Finance Division	R.O.C.	Pei-Ling Li	Female	2012.10.01	113,696	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	R.O.C.	Shao-Yug Kuo	Female	2012.10.01	3,000	0	0	0	0	0	Feng Chia University Accounting Department Europtronic Electronics Co., Ltd., of the Europtronic Group Senior Manager 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)

2021 Unit: NTD thousand

Title	Name	Remuneration Paid to Directors: Remuneration (A): The Company	Remuneration (A): Companies in the consolidated financial statements	Severance pay and pension (B): The Company	Severance pay and pension (B): Companies in the consolidated financial statements	Directors (C): The Company	Directors (C): Companies in the consolidated financial statements	Business Execution Expenses (D): The Company	Business Execution Expenses (D): Companies in the consolidated financial statements	Ratio of total remuneration (A+B+C+D) to net income (%): The Company	Ratio of total remuneration (A+B+C+D) to net income (%): Companies in the consolidated financial statements	Relevant Remuneration Received by Directors who Are Also Employees: Salary, Bonus and Special Allowance (E): The Company	Salary, Bonus and Special Allowance (E): Companies in the consolidated financial statements	Severance pay and pension (F): The Company	Severance pay and pension (F): Companies in the consolidated financial statements	Employee's compensation (G): The Company: Cash amount	Employee's compensation (G): The Company: Stock amount	Employee's compensation (G): All companies in the consolidated financial statements: Cash amount	Employee's compensation (G): All companies in the consolidated financial statements: Stock amount	Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%): The Company	Ratio of total remuneration (A+B+C+D+E+F+G) to net income (%): Companies in the consolidated financial statements	Compensation paid to Directors from an invested company other than the Company's subsidiary or parent company
Chairman and CTO	Tun-Jen Cheng	0	0	0	0	5,674	5,674	160	160	5,834/ 1.90%	5,834/ 1.90%	14,260	15,970	108	108	8,500	0	8,500	0	28,703/ 9.37%	30,413/ 9.93%	None
Director	Huacheng Venture Capital Co., Ltd.																					
Juristic-person Director Representative	Hsien-Yueh Hsu																					
Director, CEO & CRO	Ching-Feng Lin																					
Director	INPAQ Technology Co., Ltd.																					
Juristic-person Director Representative	Ming-Ts'an Tseng																					
Independent Director	Shu-Chien Liang	0	0	0	0	4,086	4,086	158	158	4,244/ 1.39%	4,244/ 1.39%	0	0	0	0	0	0	0	0	4,244/ 1.39%	4,244/ 1.39%	None
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 remuneration. According to the performance evaluation method of the board of directors of the Company, the Compensation and Remuneration Committee will consider the overall performance of the board of directors, the Company's operating performance, the Company's future operations and risk appetite, formulate distribution recommendations, and submit them to the board of directors for resolution. Then, according to the degree of participation of individual directors and the value of their contribution to the Company's operations, the distribution is made according to the weights given and the weighted results. After considering the responsibilities, risks, and investment time of the independent directors, the remuneration distribution weights are added by 0.2, and no other director compensations are drawn.

Except as disclosed in the above chart, remuneration to directors received due to the service provided (e.g., providing consulting services as a non-employee in the parent company, all companies in consolidated financial statements/reinvestment business) in the most recent year: None

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	Hsien-Yueh Hsu, Ming-Ts'an Tseng	Hsien-Yueh Hsu, Ming-Ts'an Tseng	Hsien-Yueh Hsu, Ming-Ts'an Tseng	Hsien-Yueh Hsu, Ming-Ts'an Tseng
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Ching-Feng Lin, Huacheng Venture Capital Co., Ltd., INPAQ Technology Co., Ltd, Shu-Chien Liang, Zhong-Ming Liu, Chia-Ning Chang	Ching-Feng Lin, Huacheng Venture Capital Co., Ltd., INPAQ Technology Co., Ltd, Shu-Chien Liang, Zhong-Ming Liu, Chia-Ning Chang	Huacheng Venture Capital Co., Ltd., INPAQ Technology Co., Ltd, Shu-Chien Liang, Zhong-Ming Liu, Chia-Ning Chang	Huacheng Venture Capital Co., Ltd., INPAQ Technology Co., Ltd, Shu-Chien Liang, Zhong-Ming Liu, Chia-Ning Chang
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	Tun-Jen Cheng	Tun-Jen Cheng	-	-
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)	-	-	Ching-Feng Lin, Tun-Jen Cheng	Ching-Feng Lin, Tun-Jen Cheng
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	9 (2 juristic persons)	9 (2 juristic persons)	9 (2 juristic persons)	9 (2 juristic persons)

2. Remuneration of General Manager and Vice General Manager

2021 Unit: NTD thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonus and Allowance (C)		Employee's compensation (D)				Ratio of total remuneration (A+B+C+D) to net income (%)		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	5,226	7,056	324	324	12,500	12,500	10,200	0	10,200	0	28,250/ 9.22%	30,080/ 9.82	None
General Manager	Hsi-Tung Lin													
Vice General Manager of Sales & Marketing Division	Han-Yuan Lin													

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)	-	
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)	Ching-Feng Lin	Ching-Feng Lin
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	3 persons	3 persons

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

2021 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	17,900	17,900	5.84
	General Manager	Hsi-Tung Lin				
	Sales and Marketing Division Vice President	Han-Yuan Lin				
	CTO	Tun-Jen Cheng				
	FAE Assistant Manager	Shih-Shan Liu (note)				
	Head of Research and Development Division and Director of Quality Assurance Center	Ming-Zung Chen				
	Head of New Products Division	Ming-Ku Chien				
	Head of Finance Division	Pei-Ling Li				

Note: Former Assistant Manager of FAE, and now no longer a managerial officer after the adjustment of positions on February 25, 2022 due to the internal organization adjustment.

4. 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 (%)			
	2020		2021	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Director	11.14%	12.10%	10.75%	11.31%
Supervisor (note)	0.37%	0.37%	-	-
General Managers and Vice General Managers	8.64%	9.57%	6.08%	6.59%

Note: After the election of the directors of Company was held in the 2020 annual shareholders' meeting, the Audit Committee was established to replace the Supervisors, there was thus no Supervisor's remuneration in 2021.

(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 4 (A) meetings in the most recent year, and the attendance of the Directors are as follows:

Title	Name	Actual Attendance (Presence) in Person (B)	Attendance by Proxy	Percentage of Actual Attendance (Presence) in Person (%) (B/A)	Remarks
Chairman	Tun-Jen Cheng	4	0	100%	
Director	Huacheng Venture Capital Co., Ltd. Representative: Hsien-Yueh Hsu	4	0	100%	
Director	Ching-Feng Lin	4	0	100%	
Director	INPAQ Technology Co., Ltd. Representative: Ming-Tsan Tseng	4	0	100%	
Independent Director	Shu-Chien Liang	4	0	100%	
Independent Director	Chung-Ming Liu	4	0	100%	
Independent Director	Chia-Ning Chang	3	1	75%	

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	The independent directors' objections, reservations or major proposals, and the Audit Committee's Resolution Result	The Company's handling of independent directors' opinions	Resolution Situation
2021.02.25 The 5th session of the 7th Board of Directors	1. Discussion on the Company's system of internal control. 2. Formulated the proposal on the Company's Procedures on the Supervision and Management of Subsidiaries.	Three independent directors had no objections, reservations or major proposals, and the resolution of the Audit Committee was passed.	N/A	Resolution approved
2021.05.07 The 6th session of the 7th Board of Directors	1. Discussion on remuneration of director and supervisors and bonus to manager and employees in 2020.			
2021.08.03 The 7th session of the 7th Board of Directors	1. Revised the proposal for discussion of the Company's Procedures for Acquisition or Disposal of Assets. 2. Discussion on capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 3. Discussion on endorsement and guarantee for the subsidiaries APAQ Wuxi and APAQ Hubei. 4. Discussion on capital increase for APAQ Electronic (Hubei) Co., Ltd. 5. Revised the proposal on the Company's Procedures on the Supervision and Management of Subsidiaries.			
2021.11.03 The 8th session of the 7th Board of Directors	1. Discussion on remuneration of the CPAs for their services to the Company in 2021			

(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.

(Continued on next page)

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): Directors Tun-Jen Cheng and Ching-Feng Lin, due to the conflict of interest, were recused from discussion and resolution at the Board Meeting on May 7, 2021, concerning remunerations for the directors, supervisors, and employees. The resolution passed unanimously upon a vote cast by the chairperson 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	2021.1.1~ 2021.12.31	Entire Board of Directors	Self-evaluation by the 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.
		Board members	Self-evaluation by the directors	Including alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

IV.The goal of enhancing functions of the Board of Directors (such as setting up an audit committee and improving information transparency, etc.) in the current and the most recent year and evaluation of fulfillment: Regulations of the Board of Directors of the Company has been revised and executed. The Company has set up a Remuneration Committee according to regulations of the competent authority.

(II) Operation of the Audit Committee:

A total of 4 meetings of the Audit Committee were held in the most recent year. The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remarks
Independent Director	Chung-Ming Liu	4	0	100%	
Independent Director	Shu-Chien Liang	4	0	100%	
Independent Director	Chia-Ning Chang	3	1	75%	

Other matters:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates and terms of the audit committee meeting, the contents of motions, the independent directors' objections, reservations or major proposals, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified.

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

Meeting date /session	Proposals	The independent directors' objections, reservations or major proposals, and the Audit Committee Resolution Result	The Company's handling of Audit Committee' opinions
2021.02.25	1. Approved the operating report and financial statements for 2020.	Three independent	N/A

The 3rd meeting of the 1st term Audit Committee	2. Discussion on the Company's system of internal control. 3. Discussion on the Company's system of internal control. 4. Formulated the proposal on the Company's Procedures on the Supervision and Management of Subsidiaries.	directors had no objections, reservations or major proposals, and the resolution of the Audit Committee was passed.	
2021.05.07 The 4th meeting of the 1st term Audit Committee	1. Discussion on distribution of earnings for 2020.		
August 3, 2021 The 5th meeting of the 1st term Audit Committee	1. Discussion on capital lending to the subsidiaries APAQ Electronic (Wuxi) Co., Ltd., (APAQ Wuxi) and APAQ Electronic (Hubei) Co., Ltd., (APAQ Hubei). 2. Discussion on endorsement and guarantee for the subsidiaries APAQ Wuxi and APAQ Hubei. 3. Revised the proposal for discussion of the Company's Procedures for Acquisition or Disposal of Assets. 4. Discussion on capital increase for APAQ Electronic (Hubei) Co., Ltd. 5. Revised the proposal on the Company's Procedures on the Supervision and Management of Subsidiaries.		
2021.11.03 The 6th meeting of the 1st term Audit Committee	1. Discussion on remuneration of the CPAs for their services to the Company in 2021.		

(II) Other matters not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interest, the names of the independent directors, contents of motions, reasons for recusals, and results of voting shall be specified: None.

III. Communication between the independent directors, chief internal auditor, and CPAs (including the key items, methods, and results of audit of finances and operations):

1、Independent directors 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 independent directors 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 Audit Committee meetings and Board meetings regularly. Also, when material violation or major damages to the Company appears, report shall be made and submitted immediately, and independent directors 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 ndependent directors for review.

(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, full implementation of the functions of the Audit Committee, 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? (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders? (III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies? (IV) Has the Company established internal rules against insiders using undisclosed information to trade with?	V V V 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. (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. (III) Reinvestment of the Company is processed according to Regulations on Related Party Transaction, Internal Control System, Internal Auditing System, Procedures on the Supervision and Management of Subsidiaries, and relevant regulations. (IV) The Company has formulated Corporate Governance Best-Practice Principles, Regulations on Prevention from Insider Trading and advocated relevant matters to insider personnel.	No material difference No material difference No material difference No material difference
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated diversified policies and specific management objectives and implemented them?	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	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	
(II) In addition to the legally-required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees? (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? (IV) Does the Company regularly implement assessments on the independence of CPA?	 V V	V	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 eight years for one independent director and two years each for the other two. Two directors are 50 to 59 years old, three directors are 60 to 69 years old, and two directors are 70 to 79 years old. The Board of the Directors of the Company fully fulfills the diversification requirements in terms of qualification, values, professionalism, and skills. (II) The Company has set up a Remuneration Committee and an Audit Committee but no other functional committees. It will be reevaluated as per the Company's demands in the future. (III)The Company has formulated the performance evaluation method of the Board of Directors, and regularly selects the evaluation method according to the evaluation method to conduct performance evaluation every year. Relevant methods can be found on the Company's website. (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 7, 2021, and May 10, 2022, respectively, and has concluded.	It will be reevaluated as per the Company's demands in the future. No material difference 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	
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 Company has established 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 business, and assist directors and supervisors in complying with laws and regulations. Business operations in 2021 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.	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	
			The principal of corporate governance of the Company has studied 21 hours in 2021, which is better than the training hours stipulated by law.	
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 information on financial 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)?	V V		(I) The Company has established a website to disclose information on financial operations and corporate governance. (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.	No material difference 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	
(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		(III) The Company's financial reports for 2021 have been announced within two months after the end of the year, and each quarterly financial report and monthly operating situation have been announced in advance of the prescribed time limit, so as to facilitate investors to obtain sufficient information in a timely manner.	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 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.	No material difference
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.				

<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 colspan="5">The Company will strengthen the disclosure of relevant information on the Company's website to comply with the regulations of corporate governance. For other matters that the Cvompany has not improved, the Company will seek to gradually improe and implement them based on the planning of the Company.</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	Complete strategy of information security of directors and supervisors	3
		R.O.C. Securities and Futures Institute	From Insider Trading to Corporate Social Responsibility	3
		R.O.C. Securities and Futures Institute	ESG in Enterprise Environment and the Impact of Climate Change on Enterprises	3
		R.O.C. Securities and Futures Institute	Discussion on the Operation Practice and Issues of Holding Companies in Taiwan	3
		R.O.C. Securities and Futures Institute	Key Issues in Finance and Taxation in 2021	3
Director	Hsien-Yueh Hsu	Securities and Futures Institute	Corporate Governance and Securities Regulations	3
		Taiwan Corporate Governance Association	Start the digital resilience of enterprises in an all-round way - emergency response to ransomware and restoration	3
		Taiwan Corporate Governance Association	Analysis of Important Tax Measures and Trends at Home and Abroad	3
Director	Ming-Ts'an Tseng	Taiwan Corporate Governance Association	In the rapidly changing environment of science and technology, directors lead enterprises to respond actively	3
		Taiwan Corporate Governance Association	Discussion on Fraud Cases of Enterprise Financial Statements	3
Independent Director	Chung-Ming Liu	Taiwan Corporate Governance Association	Strategy and Planning of Enterprise Merger and Acquisition	3
		Taiwan Corporate Governance Association	How can enterprises complete corporate governance through TIPS intellectual property management	
Independent Director	Shu-Chien Liang	Hsinchu City Enterprise Managers Association	Challenges and responses of enterprises under the international sustainable trend	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 on members of the Remuneration Committee

<table>
<tr><th>Identity</th><th>Name</th><th>Qualifications
Independence Criteria</th><th>Number of other public companies where the individual concurrently serves as remuneration committee member</th></tr>
<tr><td>I Convener</td><td>Chung-Ming Liu</td><td rowspan="3">Independent director, meet independence criteria. Please refer to Page 11 Disclosure of information on the professional qualifications and experience of directors and the independence of independent directors.</td><td>1</td></tr>
<tr><td>Independent Director</td><td>Shu-Chien Liang</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Chia-Ning Chang</td><td>0</td></tr>
</table>

(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%	
Committee Member	Shu-Chien Liang	2	0	100%	
Committee Member	Chia-Ning Chang	1	1	50%	

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 Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

<table>
<tr><th rowspan="2">Promoted projects</th><th colspan="3">Status of execution</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereo</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Does the Company establish a governance framework for sustainable development and set up an exclusively (or concurrently) dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?
1.Describe the Company’s governance structure to promote sustainable development.
2.Describe the implementation of each organization of the Company, including but not limited to:
(1)The name, the setting time and the board authorization of the full-time (part-time) units to promote sustainable development.
(2)The composition of the promotion unit members, its operation and implementation in the current year (e.g. work plan and execution).
(3)The frequency of reporting to the board of directors by the promotion unit (at least once a year) or the date of reporting to the board of directors in the current year.
3.Describe the supervision of the board of directors for sustainable development, including but not limited to: management policy, strategy and goal formulation, review measures, etc.</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, and cooperated with the heads of various departments to promote the Company’s sustainable development plan.
In response to the environmental, social and corporate governance aspects covered by sustainable development, the responsible department collects stakeholders’ concerns on environmental protection, occupational safety, supply chain management, labor rights, operational performance, and corporate governance, respects stakeholders’ rights and interests, and sets up a special area for stakeholders on the Company’s website. The Company reports its stakeholder communication to the board of directors every year (at least once a year). The Board of Directors judges the likelihood of success of these strategies according to the Company’s report. The Company must also regularly review the progress of the strategy and urge the management team to make adjustments when necessary.</td><td>In the future, the Company will set up a sustainable development committee according to the Company’s operation and development conditions.</td></tr>
<tr><td>II. 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?
1. Describe the boundary of the risk assessment (scope of subsidiaries covered). In addition, the risk assessment boundary in this item should be the same as the boundary of subsequent environmental and social issues in this table. If there is any difference, the boundary should be described in each issue.
2.Describe the risk assessment standards, processes, results and risk management policies or strategies for identifying major issues related to the environment, society and corporate governance.</td><td>V</td><td></td><td>This disclosure covers the performance of the period from January 2021 to December 2021. The risk assessment boundary is mainly based on the Company, and the subsidiaries are also included in the scope.<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>
</table>

<table>
<tr><th rowspan="2">Promoted projects</th><th colspan="3">Status of execution</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereo</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>III. Environmental Issues
(I) Does the Company establish a suitable environmental management system based on its industrial characteristics?
1. Describe how to implement an effective environmental management system and the regulations on which it is based.
2. Describe the relevant international verification standards passed by the Company (which should be valid as of the date of publication of the annual report) and the scope they cover.</td><td>V
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, 2024) and QC080000 (the duration of validity: March 29, 2025) certification.</td><td>No material difference</td></tr>
<tr><td>(II) Is the Company committed to improving the efficiency of utilizing energy and using recycled materials with low impacts on the environment?
Describe the Company's policies to improve energy efficiency and use recycled materials, including but not limited to: base year data, promotion measures, goals and achievement.</td><td>V</td><td></td><td>(II) The Company actively promotes various energy reduction measures, selects equipment with high energy efficiency and energy-saving design, and reduces energy consumption of enterprises and products to optimize energy use efficiency. The raw materials used by the Company comply with EU RoHS, REACH and halogen-free specifications, and the Company has set up a cleaner production working group to reduce pollution in the manufacturing process and reduce the impact on the environment. In green manufacturing, the Company reduces unnecessary waste of resources, seeks the waste reduction and reuse technology development; In the upstream and downstream of the value chain, it makes joint efforts to recycle and share packaging materials; In addition, in terms of products, it makes efforts to test the use of recycled materials with low impact on environmental load, so as to maximize the circular economic benefits.</td><td>No material difference</td></tr>
<tr><td>(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 related issues?
Describe how the Company assessed the present and future potential risks and opportunities of climate change for the entity, the assessment results, and the related measures taken.</td><td>V</td><td></td><td>(III) The Company has assessed the impact of climate change since 2020. The assessment results and countermeasures are as follows:
<table>
<tr><td>Risk category</td><td>Risk factor</td><td>Countermeasures</td></tr>
<tr><td>Energy risk</td><td>● Government energy policy
● Government energy policyhe impact of</td><td>● When replacing related equipment, cooperate with government subsid to reduce the overall cost, and reduce energy consumption and demand.
● Promote energy conservation and carbon reduction, and reduce water and electricity consumption.</td></tr>
<tr><td>Climate risk</td><td>● Total greenhouse gas control</td><td>Participate in external carbon emission calculation and evaluation course as the initial plan for countermeasures to reduce carbon emissions in the future.</td></tr>
</table></td><td>No material difference</td></tr>
<tr><td>(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?
1. Describe the statistical data, intensity (e.g. Calculated per unit of product, service or business volume) and data coverage (e.g. all factories and subsidiaries) of the following items in the last two years:
(1) Greenhouse gases: including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride and others announced by the central competent authority. The direct emissions (Category I, i.e. GHGs directly from emission sources owned or controlled by the Company), indirect emissions from energy (Category II, i.e. indirect greenhouse gas emissions from input electricity, heat or steam) and other indirect emissions (Category III, i.e. emissions from the Company's activities that are not indirect emissions from energy but originate from sources owned or controlled by other companies) should be distinguished;
(2) Water consumption;
(3) Waste: the total weights of hazardous wastes and non-hazardous wastes should be distinguished. In the case of non-manufacturing industry, distinguishing is not required, only the total weight of wastes needs to be disclosed, and the statistical method should be explained according to the characteristics of the industry.
2. Describe the greenhouse gas reduction, water consumption reduction or other waste management policies, including but not limited to: base year data, reduction targets, promotion measures and achievements, etc.
3. Describe the verification status of information (which should be valid as of the date of publication of the annual report) and its coverage.</td><td>V</td><td></td><td>(IV) According to the self-examination results, the main production places, the greenhouse gas emissions, water consumption and waste weight of the Company in the past two years are as follows:
<table>
<tr><td>Year</td><td>2020</td><td>2021</td></tr>
<tr><td>Greenhouse gas emissions</td><td>61.28 metric tons</td><td>59.81 metric tons</td></tr>
<tr><td>Water consumption</td><td>49.8 kilotons</td><td>135.7 kilotons (Note)</td></tr>
<tr><td>Total weight of waste</td><td>525.48 tons</td><td>494.64 tons</td></tr>
</table>
The Company aims to reduce greenhouse gas emissions and waste by 10% before 2023.
Note: The increase in water consumption in 2021 is due to the stricter requirements for wastewater discharge in the place where the subsidiary company is located, resulting in the addition of wastewater factory treatment equipment for wastewater retreatment.</td><td>No material difference</td></tr>
</table>

IV. Social Issues (I) Has the Company formulated management policies and procedures following relevant regulations and international human rights treaties? Describe the policies and specific management plans for the protection of human rights (such as human rights assessment, human rights risk mitigation measures, relevant education and training), and the relevant regulations and international human rights treaties on which they are based.	V		(I)1. In order to abide by the labor human rights and to achieve full management, the Company observes the International Human Rights Law, the International Covenants of Human Rights and the local laws and regulations of the region where it is located, and is governed by the Occupational Safety and Health Law of Taiwan and the Labor Health Protection Rules. Treating and respecting current colleagues with dignity. 2. The Company is committed to ensuring that the working environment of the supply chain is safe, the employees are respected and dignified, and the operation promotes environmental protection and observes ethics. To reflect this commitment, an important subsidiary of the Company moved towards the EICC Electronic Industry Citizenship Coalition in 2015 and established a system document. 3. To mitigate human rights risks, the Company actively undertakes specific improvement plans to create a quality working environment. Since 2020, Has begun to implement the provisions of Article 6, Paragraph 2 of the Occupational Safety and Health Act, focusing on four major projects: human factors, overwork, motherhood and violence, paying attention to prevention education and providing relevant courses to prevent the increase of human rights risks. 4. Specific practices of human rights protection: ● Prevent workplace violence, make a written statement in advance, and provide a complaint line. ● Conduct risk assessment to avoid potential illegal infringement risks. ● Doctors and nurses are stationed on site every month for colleagues' consultation, and the second complaint management is established. ● Risk statistical assessment, aggregation and adjustment are conducted annually.	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? 1. The stated employee welfare measures, which should include but not limited to: employee compensation, workplace diversity and equality (including but not limited to: the proportion of female employees and senior managers), vacations, various allowances, gifts and subsidies, etc. 2. Describe the policies regarding how business performance or results are reflected in employee compensation and their implementation.			(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.	
(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? 1. Describe the measures for employees' safe and healthy work environment, the employee education policy and their implementation. 2. Describe the relevant verifications obtained by the Company (which should be valid as of the date of publication of the annual report) and its coverage. 3. Describe the number of occupational accidents, the number of employees involved and the ratio to the total number of employees in the current year, and the related improvement measures.	V		(III) Since 2020, the Company has implemented Occupational Safety Law 6-2 in Taiwan, established a complete prevention system for human factors, overwork, motherhood and violence hazards, and hired medical and nursing staff to conduct regular interviews to protect employees' safe and healthy working environment and avoid colleagues from illegal infringement and prevention when performing their duties. In view of this, the Company achieved a safe working environment of zero occupational disaster in 2021. In 2021, 106 people have completed the questionnaire of Occupational Safety Law 6-2, and medical care has implemented 48 times, and the number of people who have implemented it has reached 112 times. Important subsidiaries of the Company have obtained ISO 45001 certification.	No material difference
(IV) Has the Company established effective career development and training plans for its employees? Describe the aspects covered by the training plans (e.g. orientation training, professional training, supervisor training, etc.), scope (e.g. supervisors at all levels, employees, etc.) and their implementation.	V			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? Describe the regulations and international standards that each matter follows, and explain the name, content and complaint procedures of the policy to protect the rights and interests of consumers or customers.				

Item	Implementation Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Ye	No	Description	
(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? 1. Describe the supplier management policy and relevant regulations to be followed, and their contents should have positive and specific requirements for suppliers in environmental protection, occupational safety and health or labor rights (e.g.: relevant verifications should be passed). 2. Describe the implementation of supplier management policies and relevant regulations (e.g.: the implementation of supplier self-assessment, coaching or education, performance evaluation, etc.).	V V V		(IV) The Company plans complete functional training for supervisors and colleagues at all levels, including newcomer training, professional advanced training and executive training, etc., to help colleagues continue to learn and grow through diversified learning methods and cultivate their key abilities. The total number of career training hours ih n 2021 was 455 ours. (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. (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 No material difference No material difference
V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body? 1. Describe the international preparation standards or guidelines referenced and the report prepared that discloses non-financial information. 2. For the reports that have obtained certification or assurance, describe the name of the certification or assurance verifier, the verification items or scope, and the standards they follow.		V	The Company has not prepared reports such as Sustainability 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 Sustainability Development Practice Principles according to Sustainability Development 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 paid attention to a friendly environment for employees in the workplace. As for the appointment of female employees, by 2021, female employees accounted for 48% of the total number of employees, and the proportion of women in management also accounted for 18%. 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?			(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?			(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

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
II. Fulfillment of Ethical Corporate Management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (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? (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 V V		(I) Before conducting commercial transactions, the Company will conduct credit investigation to avoid dealing with illegal or dishonest persons. (II) The implementation status in 2021 was reported to the Board of Directors in the Board meeting held on May 10, 2022. In 2021, training and testing are conducted to all employees with the theme of "implementing the value of integrity, developing corporate sustainability." (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 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.				

Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
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 implementation status in 2021 was reported to the Board of Directors in the Board meeting held on May 10, 2022. In 2021, training and testing are conducted to all employees with the theme of "implementing the value of integrity, developing corporate sustainability."	No material difference
(III) Has the Company established policies to prevent conflicts of interests, provided proper channels of appeal, and enforced these policies and channels accordingly?	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.	No material difference
(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		(IV) In accordance with the accounting system and internal control system, the Company's auditors regularly check its compliance.	No material difference
(V) Does the company regularly hold internal and external training on ethical corporate management?	V		(V) The Company regularly holds internal and external education and training in ethical corporate management.	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?	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) 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?	V		(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) Does the Company take any measures to protect whistle-blowers so that they are safe from mishandling?	V		(III) The Company takes measures for protecting whistle-blowers from improper actions due to whistle-blowing.	
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:

(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：2022.02.10

Based on the findings of a self-assessment, the Company states the following about its internal control system in 2021:

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, 2020, 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, concealment, or other illegality in the content made public 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 10, 2022, 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	2021.02.25	(1) Approved the fund allocation for the remuneration of the Company's directors, supervisors, and employees in 2020. (2) Approved the operating report and financial statements for 2020. (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.
Board of Directors	2021.08.03	(1) Approved the consolidated financial statements for the second quarter of 2021. (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. (4) Approved the proposal to increase capital on APAQ Electronic (Hubei) Co., Ltd. (5) Approved matters concerning the dates, times, places and agenda for the 2021 regular shareholders' meetings.
Board of Directors	2021.11.03	(1) Approved the Company's consolidated financial statements for the third quarter of 2021.
Board of Directors	2022.02.10	(1) Approved the fund allocation for the remuneration of the Company's directors, supervisors, and employees in 2021. (2) Approved the 2021 Business Report and financial statements. (3) Approved the Company's distribution of the retained earnings for 2021. (4) Approved the spokesperson of the Company, (5) Approved matters concerning the dates, times, places and agenda for the 2022 regular shareholders' meetings. (6) Approved the acceptance of shareholders' motions for the 2022 regular shareholders' meetings.
Board of Directors	2022.05.10	(1) Approved the Company's first quarter consolidated financial statements for 2022. (2) Approved the proposal of new restricted employee shares. (3) Approved the addenda to the meeting agenda for the 2022 regular shareholders' meeting.

Matters and implementation of resolutions of shareholders' meeting in 2021:

Meeting	Date Convened	Major resolution	Status of execution
Regular Shareholders' Meeting	August 24, 2021	(1) Approved the 2020 Business Report and financial statements.	The resolution was approved upon a vote.
		(2) Approved the Company's distribution of the retained earnings for 2020.	The resolution was approved upon a vote, and the Chairman set the base date for ex-dividend on September 18, 2021, and the cash dividend pay-out date on October 4, 2021.
		(3) Approved the amendment to the Company's Rules and Procedures for Shareholders' Meetings.	The resolution was approved upon a vote to be followed up per procedures.
		(4) Approved the revocation of the non-compete covenant for the directors.	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 thousand

CPA firm	CPAs	Audit Period	Audit Fees	Non-audit fee	Total	Remarks
KPMG Taiwan	Cheng-Hsueh Chen	2021.01.01~ 2021.12.31	2,920	0	2,920	
	Wan-Yuan You					
	Cheng-Hsueh Chen	-	0	380	380	NT$380,000 for taxation declaration and certification

(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. Information on replacement of CPAs: Due to the internal rotation of accounting firms in accordance with relevant laws and regulations, the Board of Directors of the Company decided on February 10, 2022 to replace the original accountants Wan-Yuan You and Qian-Hui Lu with accountants Cheng-Hsueh Chen and accountants Wan-Yuan You from 2021.

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) Change in Equity Interests by Directors, Managerial Officers, and Major Shareholders

Unit: Share

Title	Name	2021		As of April 23, 2022	
		Shareholding increase (decrease)	Pledged share increase (decrease)	Shareholding increase (decrease)	Pledged share increase (decrease)
Chairman	Tun-Jen Cheng	0	0	165,000	0
Director and CEO	Ching-Feng Lin	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
Director	INPAQ Technology Co., Ltd.	0	0	0	0
	Legal representative: Ming-Ts'an Tseng	0	0	0	0
Independent Director	Chung-Ming Liu	0	0	0	0
Independent Director	Shu-Chien Liang	0	0	0	0
Independent Director	Chia-Ning Chang	0	0	0	0
General Manager	Hsi-Tung Lin	0	0	0	0
Vice General Manager of Sales & Marketing Division	Han-Yuan Lin	0	0	0	0
FAE Assistant Manager	Shih-Shan Liu (note)	0	0	0	0
Director of Research and Development Division and Quality Assurance Center	Ming-Zung Chen	(8,000)	0	0	0
Head of New Products Division	Ming-Ku Chien	0	0	0	0
Head of Finance Division	Pei-Ling Li	(5,000)	0	2,000	0

Note: Former Assistant Manager of FAE, and now no longer a managerial officer after the adjustment of positions on February 25, 2022 due to the internal organization adjustment. Therefore, only the changes in shareholding up to February 25, 2022 are disclosed.

(II) Information on the Counterparty Who Is a Related Party in a Transfer of Equity Interests:

Name (Note 1)	Reasons for the transfer of equity interests (Note 2)	Date of transaction	Transaction counterparty	Relationship between the transaction counterparty and the Company, the directors, and the shareholders who hold more than 10% of the shares of the Company	Number of Shares	Price of transaction
Pei-Ling Li	Acquisition (Inheritance)	2022.02.21	Li-Hsiang Huang	Relative within the second degree of kinship	2,000	52

Note 1: To fill in the names of the directors and managerial officers of the Company, as well as the shareholders who hold more than 10% of the shares of the Company.

Note 2: To fill in either acquisition or disposal.

(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 23, 2022; Unit: Share

Name	Shareholding of shareholder		Spouse & minor shareholding		Total shareholding by nominees		If the top 10 shareholders have relations, 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 (%)	Name (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	
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90	N/A	N/A	0	0	None	None	
Representative of Taiflex Scientific Co., Ltd.: Ta-Wen Sun	0	0	0	0	0	0	None	None	
Prosperity Dielectrics Co., Ltd.	5,280,000	5.94	NA	NA	0	0	Walton Advanced Engineering Inc.	The Chairman is the same person	
							Walsin Technology Corporation	The Chairman is the same person	
							INPAQ Technology Co., Ltd.	Chairman of Walsin Technology Corporation, the juristic-person Chairman of INPAQ Technology 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	Chairman of the company	
							INPAQ Technology Co., Ltd.	Chairman of Walsin Technology Corporation, the juristic-person Chairman of INPAQ Technology Co., Ltd.	
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 Chairman of INPAQ Technology Co., Ltd.	
							Tun-Jen Cheng	Director of INPAQ Technology Co., Ltd.	
							Walsin Technology Corporation	Juristic-person Chairman of INPAQ Technology Co., Ltd.	
							Walton Advanced Engineering Inc.	The juristic-person Chairman of INPAQ Technology Co., Ltd. and the Chairman of Walsin Technology Corporation are the same person	
INPAQ Technology Co., Ltd. Representative: P'ei-Chen Ch'en	0	0	0	0	0	0	Walsin Technology Corporation	The juristic-person Chairman of INPAQ Technology Co., Ltd., and the representative of Walsin Technology Corporation	
Walton Advanced Engineering, Inc.	4,591,000	5.16	N/A	N/A	0	0	Prosperity Dielectrics	The Chairman is the same person	
							Walsin Technology Corporation	The Chairman is the same person	
							INPAQ Technology Co., Ltd.	The juristic-person Chairman of INPAQ Technology Co., Ltd. and the Chairman of Walsin Technology Corporation are the same person	
Walton Advanced Engineering, Inc. Representative: Yu-Heng Chiao	0	0	0	0	0	0	Prosperity Dielectrics	Chairman of the company	
							Walsin Technology Corporation	Chairman of the company	
							INPAQ Technology Co., Ltd.	Chairman of Walsin Technology Corporation, the juristic-person Chairman of INPAQ Technology Co., Ltd.	

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Shareholding of shareholder</th><th colspan="2">Spouse & minor shareholding</th><th colspan="2">Total shareholding by nominees</th><th colspan="2">If the top 10 shareholders have relations, or relations of spouse, or relatives within the second degree of kinship, indicate their names and relationships</th><th rowspan="2">Remarks</th></tr>
<tr><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Number of shares</th><th>Shareholding ratio (%)</th><th>Name (or Name)</th><th>Relation</th></tr>
<tr><td>Hua Min Venture Capital Co., Ltd.</td><td>3,210,015</td><td>3.61</td><td>N/A</td><td>N/A</td><td>0</td><td>0</td><td>Huacheng Venture Capital Co., Ltd.</td><td>They are both subsidiaries of ASUSTek Computer Inc.</td><td></td></tr>
<tr><td>Representative of Min Venture Capital Co., Ltd.: Chung-Tang Shih</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>Huacheng Venture Capital Co., Ltd.</td><td>Chairman of the company</td><td></td></tr>
<tr><td>Chaintech Technology Corp.</td><td>3,050,000</td><td>3.43</td><td>N/A</td><td>N/A</td><td>0</td><td>0</td><td>None</td><td>None</td><td></td></tr>
<tr><td>Representative of Chaintech Technology Corp.: Shu-Jung Kao</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td></td></tr>
<tr><td>Tun-Jen Cheng</td><td>2,964,358</td><td>3.33</td><td>413,573</td><td>0.46</td><td>0</td><td>0</td><td>INPAQ Technology Co., Ltd.</td><td>Being a Director of the company</td><td></td></tr>
<tr><td rowspan="3">Walsin Technology Corporation</td><td rowspan="3">2,960,000</td><td rowspan="3">3.33</td><td rowspan="3">N/A</td><td rowspan="3">N/A</td><td rowspan="3">0</td><td rowspan="3">0</td><td>INPAQ Technology Co., Ltd.</td><td>Juristic-person Chairman of INPAQ Technology Co., Ltd.</td><td rowspan="3"></td></tr>
<tr><td>Walton Advanced Engineering Inc.</td><td rowspan="2">The Chairman is the same person</td></tr>
<tr><td>Prosperity Dielectrics</td></tr>
<tr><td rowspan="3">Walsin Technology Corporation Representative: Yu-Heng Chiao</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td>Walton Advanced Engineering Inc.</td><td rowspan="2">Chairman of the company</td><td rowspan="3"></td></tr>
<tr><td>Prosperity Dielectrics</td></tr>
<tr><td>INPAQ Technology Co., Ltd.</td><td>Chairman of Walsin Technology Corporation, the juristic-person Chairman of INPAQ Technology Co., Ltd.</td></tr>
<tr><td>Special property account of INPAQ Technology Co., Ltd. In custody of Taipei Fubon Commercial Bank</td><td>2,255,087</td><td>2.54</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td></td></tr>
</table>

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

Decembre 31, 2021 Unit: 1,000 shares

Investee business (Note 1)	Investment by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by the Company		Total Ownership	
	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 Electronic (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%
Jiangda Technology Co., Ltd.	700	45.16%	0	0%	700	45.16%
Xuji Technology Co., Ltd.	3,000	30%	660	6.60%	3,660	36.60%

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 10, 2022, Unit: share, NTD

Year/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, 2006
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, 2006
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, 2007
2008.10	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-10001230920 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

Year/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
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
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	Approved by Official Letter Chin-Chu-Shang No. 1100014851 issued on May 28, 2021

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

Unit: Share

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juristic persons	Individual	Foreign Institutions and Natural Person	Total
Number	0	2	169	16,143	34	16,348
Number of shares held	0	2,285,087	49,301,055	35,085,343	2,282,029	88,953,514
Shareholding ratio %	0	2.57	55.42	39.44	2.57	100

(III) Shareholding distribution status

Unit: Share

Range of Shares	Number of shareholders	Number of shares held	Shareholding Ratio (%)
1~999	12,852	99,310	0.11
1,000~5,000	2,750	5,114,345	5.75
5,001~10,000	344	2,697,132	3.03
10,001~15,000	101	1,271,013	1.43
15,001~20,000	67	1,243,242	1.40
20,001~30,000	53	1,346,719	1.51
30,001~40,000	33	1,178,737	1.33
40,001~50,000	18	840,416	0.95
50,001~100,000	57	4,003,130	4.50
100,001~200,000	29	3,960,879	4.45
200,001~400,000	13	3,815,280	4.29
400,001~600,000	11	5,067,510	5.70
600,001~800,000	1	712,000	0.80
800,001 to 1,000,000	3	2,652,000	2.98
1,000,001 or more	16	54,951,801	61.77
Total	16,348	88,953,514	100.00

(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:

Unit: Share

Shares / Name of Major Shareholder	Number of shares held	Shareholding ratio (%) (Note)
Huacheng Venture Capital Co., Ltd.	10,668,012	11.99
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90
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
Tun-Jen Cheng	2,964,358	3.33
Walsin Technology Corporation	2,960,000	3.33
Special property account of INPAQ Technology Co., Ltd. In custody of Taipei Fubon Commercial Bank	2,255,087	2.54

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

<table>
<tr><th colspan="3">Item \ Year</th><th>2020</th><th>2021</th><th>As of March 31, 2022</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest</td><td>64.8</td><td>74.5</td><td>61.3</td></tr>
<tr><td colspan="2">Lowest</td><td>19.8</td><td>46.5</td><td>53.3</td></tr>
<tr><td colspan="2">Average</td><td>50.57</td><td>61.77</td><td>57.69</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>25.78</td><td>28.69</td><td>30.25</td></tr>
<tr><td colspan="2">After distribution</td><td>23.78</td><td>N/A</td><td>N/A</td></tr>
<tr><td rowspan="3">Earnings per share (NT$)</td><td colspan="2">Weighted average number of shares (thousand shares)</td><td>84,512</td><td>87,851</td><td>88,954</td></tr>
<tr><td colspan="2">Before adjustment of warnings per share</td><td>3.10</td><td>3.49</td><td>0.96</td></tr>
<tr><td colspan="2">After adjustment of earnings per share</td><td>N/A</td><td>N/A</td><td>N/A</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>1.9</td><td>2 (Note 4)</td><td>N/A</td></tr>
<tr><td rowspan="2">Free allotment</td><td>Dividends from retained earnings</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td>Dividends from capital surplus</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td colspan="2">Accumulated undistributed dividend</td><td>0</td><td>0</td><td>N/A</td></tr>
<tr><td rowspan="3">Return on investment</td><td colspan="2">Price /Earnings ratio (Note 1)</td><td>16.31</td><td>17.70</td><td>N/A</td></tr>
<tr><td colspan="2">Price /Dividend ratio (Note 2)</td><td>26.62</td><td>30.89</td><td>N/A</td></tr>
<tr><td colspan="2">Cash Dividend Yield (%) (Note 3)</td><td>3.76</td><td>3.24</td><td>N/A</td></tr>
</table>

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 distribution of the retained earnings for 2021 has been approved by the Board of Directors; however, a resolution of the shareholders' meeting has not been secured.

(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 February 10, 2022, the Company plans to submit the resolution of regular shareholders' meeting on June 21, 2022, with shareholders' cash dividend being NT$177,907,028 and NT$2 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 and directors 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 amount of employee and director remunerations, for calculating the number of shares to be distributed as employee 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$390,920,810 in 2021. 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$33,221,624, and the remuneration to directors and supervisors is NT$9,760,000. 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 decided on February 10, 2022 that there is no difference with the estimated amount as follows.

Allocation items	Estimated amount	Distributed amount
Remuneration of employees	NT$33,221,624	NT$33,221,624
Director Remuneration	NT$9,760,000	NT$9,760,000
Total allocation	NT$442,981,624	NT$442,981,624

   (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 10, 2022 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 February 25, 2021, and submitted the following report to the shareholders' meeting on August 24, 2021. There is no difference with the proposed allotment approved by the original Board of Directors.

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

(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

<table>
<tr><td colspan="2">Type of corporate bond</td><td>Second issue of domestic unsecured convertible corporate bond.
(Repayment upon maturity on April 27, 2018)</td></tr>
<tr><td colspan="2">Date of Issuance</td><td>2018/04/27</td></tr>
<tr><td colspan="2">Par value</td><td>NT$110,000</td></tr>
<tr><td colspan="2">Place of issuance and transaction</td><td>R.O.C.</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at par value</td></tr>
<tr><td colspan="2">Total</td><td>NT$250 million</td></tr>
<tr><td colspan="2">Interest rate</td><td>0%</td></tr>
<tr><td colspan="2">Term</td><td>Three years due on April 27, 2021</td></tr>
<tr><td colspan="2">Guarantor</td><td>Not applicable due to the issuance of unsecured convertible bond.</td></tr>
<tr><td colspan="2">Trustee</td><td>Mega International Commercial Bank Co., Ltd.</td></tr>
<tr><td colspan="2">Underwriter</td><td>Yuanta Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certified attorney</td><td>Attorney Sen-Jung Wang of Classic and Superior Law Firm</td></tr>
<tr><td colspan="2">Certified accountant</td><td>None</td></tr>
<tr><td colspan="2">Method of repayment</td><td>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.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>As of the date of publication of the annual report, the principal outstanding was NT$0.</td></tr>
<tr><td colspan="2">Articles for redemption or early liquidation</td><td>According to Article 18 of Methods of Conversion</td></tr>
<tr><td colspan="2">Restrictive covenants</td><td>None</td></tr>
<tr><td colspan="2">Name of Credit Rating Agency, Rating Date, and the results of Corporate Bond Ratings</td><td>N/A</td></tr>
<tr><td rowspan="2">Others Rights</td><td>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</td><td>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.</td></tr>
<tr><td>Issuance and conversion (swap or subscription) methods</td><td>Please refer to the Company's Regulations Governing the Issuance and Conversion of the Second Unsecured Convertible Corporate Bonds.</td></tr>
<tr><td colspan="2">Possible dilution of equity or impact to shareholders’ equity caused by regulations on the issuance and conversion, swap or subscription to stocks</td><td>No material impact</td></tr>
<tr><td colspan="2">Name of the commissioned custodian of exchangeable underlying</td><td>N/A</td></tr>
</table>

Type of corporate bond	Second issue of domestic unsecured convertible corporate bond. (Repayment upon maturity on 4/27/2021)				
Item \ Year		2018	2019	2020	As of April 27, 2021
Market price of the convertible corporate bond	Highest	134	105	118.9	126.25
	Lowest	96	97.3	99.15	105
	Average	112.54	100.1	110.53	113.27
Conversion price		59.9 (Effective from September 8, 2018)	58 (Effective from 8/21/2019)	56.2 (Effective from 8/4/2020)	
Date of Issuance Conversion price on issuance		Date of Issuance: Conversion price on issuance:			
Methods of fulfilling conversion obligations		Issuance of new shares			

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. Electronic Parts and Components Manufacturing

B. Computers and Peripheral Equipment Manufacturing

C. Automatic Control Equipment Engineering

D. International Trade

E. 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 thousand

Year / Products	2020		2021	
	Net Operating Revenue	Proportion (%)	Net operating revenue	Proportion (%)
Coiled conductive polymer solid state capacitors	1,991,814	83.53	2,217,190	78.56
Chip-type conductive polymer solid state capacitors	392,811	16.47	605,218	21.44
Total	2,384,625	100.00	2,822,408	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

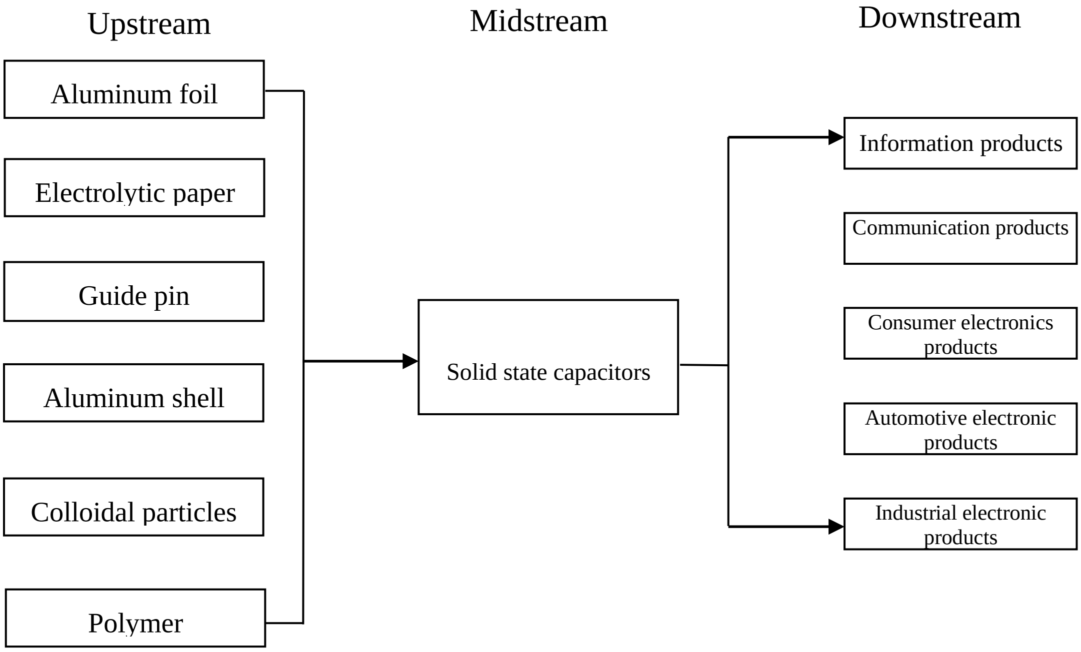
(1) Industry Status and Development

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.

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, in 2020 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

Year / Item	2017	2018	2019	2020	2021
R&D expenses	71,058	54,787	54,256	70,706	90,959
Net operating revenue	1,941,720	2,042,820	2,002,841	2,384,625	2,822,408
Percentage Accounting for Net Revenue (%)	3.66	2.68	2.71	2.97	3.22

B. Research and Development Achievements:

Year	Name or Project of Product and Technology
2010	1. Coiled solid capacitors: 25V 2. V Chip solid capacitors: AVEA series in 6ϕ 3. Chip-type solid capacitors: 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 capacitors: ACAS series in 2V and 220uF
2012	1. Coiled solid capacitors: solid capacitor with high voltage (35V, 50V) 2. Chip-type solid capacitors: ACAM series of M size 3. Chip-type solid capacitors: 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 capacitors: 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℃ and 1k
2017	ARHT series of coiled solid capacitor with high reliability (125℃ 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

Geographic Distribution \ Year	2020		2021	
	Amount	%	Amount	%
Domestic Sales	83,962	3.52	162,005	5.74
Export sales - Asia	2,299,131	96.42	2,657,486	94.16
Export sales - Other	1,532	0.06	2,917	0.10
Total	2,384,625	100.00	2,822,408	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 several consecutive quarters and the computer industry has faced a period of stagnation. In 2020, despite the stagnation of traditional PC 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.

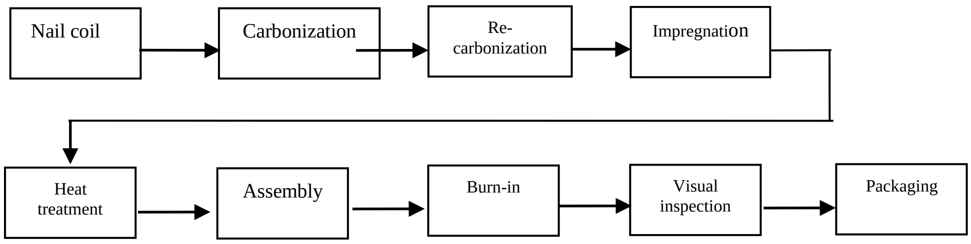
2. Major applications and production process of the main products

(1) Usage of main products

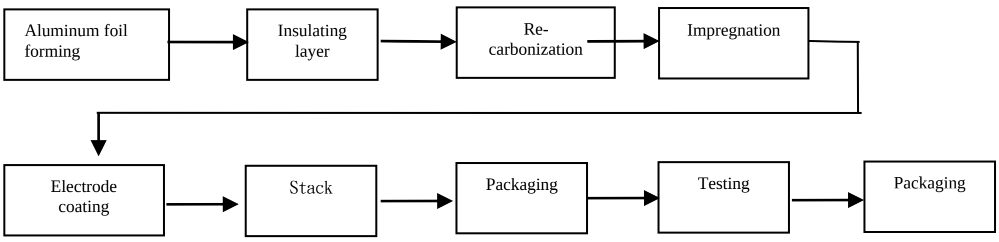
Major products	Important use
Coiled conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC
Chip-type conductive polymer solid state capacitors	For stabilivolt application of power on MB, VGA, NB, Server and HPC

(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 thousand

	2020				2021				As of first quarter 2022			
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	Yu Hua New Material	125,081	12.08%	None	Yu Hua New Material	62,775	5.08%	None	Yu Hua New Material	24,925	7.62%	None
2	Xinzhoubang	98,372	9.50%	None	Xinzhou bang	111,326	9.01%	None	Xinzhou bang	34,546	10.57%	None
3	Others	811,929	78.42%		Others	1,061,322	85.91%		Others	267,529	81.81%	
	Net Purchase	1,035,382	100.00		Net Purchase	1,235,423	100.00		Net Purchase	327,000	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 thousand

	2020				2021				As of first quarter 2022			
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	454,396	19.06%	None	ASUS	499,244	17.69%	None	ASUS	98,089	13.33%	None
2	Gigabyte	232,231	9.74%	None	Gigabyte	201,866	7.15%	None	Gigabyte	80,255	10.90%	None
3	Others	1,697,998	71.20%		Others	2,121,298	75.16%		Others	557,750	75.77%	
	Sales Net	2,384,625	100.00%		Sales Net	2,822,408	100.00%		Sales Net	736,094	100.00%	

Reasons for the increase or decrease: As the Company continued to expand and develop other customers, the concentration of single customers declined.

5. Production value table of the most recent two years

Unit: One thousand pcs, NTD thousand

Year / Production Volume and Value / Main Products (or Divisions)	2020			2021		
	Capacity	Volume	Value	Capacity	Volume	Value
Coiled conductive polymer solid state capacitors	2,455,000	2,086,001	1,433,748	2,600,000	2,210,837	1,612,415
Chip-type conductive polymer solid state capacitors	194,000	164,671	345,757	311,000	264,313	659,826
Total	2,649,000	2,250,672	1,779,505	2,911,000	2,475,150	2,272,241

Explanation on increase or decrease: In 2021, the market demand for MB & VGA & NB/Chromebook was stable, and shipments of DIP/Vchip/CAP products increased. In addition, the epidemic in Malaysia severely affected Japanese E-CAPs. A large number of important NB customers switched to solid-state Vchips, with increase in shipments.

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

Unit: One thousand pcs, NTD thousand

Year / Sales volume and value / Main Products	2020				2021			
	Domestic Sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Coiled conductive polymer solid state capacitors	47,001	64,553	1,909,267	1,929,451	98,564	117,610	2,070,243	2,099,580
Chip-type conductive polymer solid state capacitors	4,666	17,688	151,204	372,933	11,151	44,395	214,687	560,823
Total	51,667	82,241	2,060,471	2,302,384	109,715	162,005	2,284,930	2,660,403

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		2020	2021	As of April 30, 2022
Number of employees	R&D Department	57	63	62
	Business and Administrative Department	130	133	137
	Direct Personnel	220	228	246
	Total	407	424	445
Average age		30.7	30.7	30.9
Average year of services		2.9	2.8	2.7
Academic distribution ratio	Ph.D.	1%	1%	1%
	Master	7 %	7%	7%
	Junior College	31%	33%	31%
	High school	39%	38%	39%
	Below high school	22%	21%	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 installed an X-RAY device for production needs, but failed to apply for a radiation safety license in accordance with the regulations. On February 19, 2022, the Company was fined by RMB 25,000, with the fine document XSHFJ [2022] No. 48.
2. If it is impossible to reasonably estimate the estimated amount and the corresponding measures that may occur at present and in the future, it shall explain the facts that it cannot reasonably estimate: in the future, personnel with radiation safety licenses will be arranged to receive radiation safety course training and obtain qualified licenses, and ask the competent authority to conduct examination and apply for radiation licenses after passing the examination. The estimated cost of the above measures is about RMB 60,000.

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.

VI. Cyber security management:

1.The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management: The Information Security Management Team of the Company is convened by the head of the Administrative Division to regularly assess information security risks. Through the operation of the team, the Company has formulated Regulations Governing Information Security Maintenance Operations, established an information security operation model, and conduct comprehensive information security management in the fields of information security maintenance, governance, risks, personnel's awareness and information publicization. The main axis of information security strategy focuses on the following three aspects: legal compliance, information security governance, and internal control. The strategy covers from system to process management, from personnel to organization, and aims to comprehensively improve information security capabilities. In view of the current new trends in information security, such as Distributed Denial of Service (DDoS) attacks, ransomware, social engineering attacks, fake websites, etc. The Company communicates with international information security vendors and suppliers every year, and through information sharing, the Company is able to target different attack paths and scenarios, block DDoS attacks and other forms of threats, and update the protection information in order to detect the threats and complete the blocking as soon as possible. In addition to the network hardware structure, the Company's internal "Information Security Management Measures" has also been formulated. Starting from the dimension of implementation, the Company also works on process management, security awareness and information publicization so as to effectively reduce the Company's internal and external cyber security risks from the aspects of software, hardware, and implementation.

2.List any losses suffered by the Company due to significant cyber security incidents in the most recent fiscal year and until the date of publication of the annual report, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: The Company has not suffer any losses due to significant cyber security incidents in the most recent fiscal year and until the date of publication of the annual report.

VII. 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 information for the most recent five years (Note 1)					Financial information as of March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Current Assets		1,829,641	2,156,964	2,157,422	2,482,274	2,869,715	3,062,707
Real property, plant, and equipment		866,634	1,279,218	1,176,196	1,183,327	1,330,505	1,411,370
Intangible assets		46,413	41,630	37,259	36,796	31,697	30,408
Other assets		178,516	262,837	283,236	334,200	369,904	344,534
Total asset value		2,921,204	3,740,649	3,654,113	4,036,597	4,601,821	4,849,019
Current liabilities	Before distribution	1,256,698	1,550,718	1,431,964	1,839,477	2,028,334	2,088,865
	After distribution	1,412,906	1,633,902	1,516,489	2,008,489	(Note 3)	N/A
Non-current liabilities		183,640	243,018	257,162	17,782	21,502	69,679
Total liabilities	Before distribution	1,440,338	1,793,736	1,689,126	1,857,259	2,049,836	2,158,544
	After distribution	1,596,546	1,876,920	1,773,651	2,026,271	(Note 3)	N/A
Equity attributable to owners of parent Company		1,480,866	1,946,913	1,964,987	2,179,338	2,551,985	2,690,475
Share capital		760,947	844,419	845,011	845,248	889,535	889,535
Capital surplus		243,704	559,411	560,800	561,362	765,757	765,757
Retained earnings	Before distribution	591,589	622,179	680,939	858,029	995,384	1,080,356
	After distribution	435,381	538,995	596,414	689,017	(Note 3)	N/A
Other equities		(44,088)	(51,199)	(121,763)	(85,301)	(98,691)	(45,173)
Treasury stock		(71,286)	(27,897)	0	0	0	0
Non-controlling equity		0	0	0	0	0	0
Total equity	Before distribution	1,480,866	1,946,913	1,964,987	2,179,338	2,551,985	2,690,475
	After distribution	1,324,658	1,863,729	1,880,462	2,010,326	(Note 3)	N/A

Note 1: Audited and attested by CPA.
Note 2: Reviewed by CPA.
Note 3: Distribution of earnings for 2021 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, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Turnover	1,941,720	2,042,820	2,002,841	2,384,625	2,822,408	736,094
Gross profit	537,846	517,296	462,123	683,272	2,075,546	169,342
Operating profit (loss)	318,113	263,970	208,051	386,898	402,471	67,215
Non-operating income and expenses	(60,735)	(10,146)	(15,849)	(41,474)	(250)	46,115
Profit before income tax	257,378	253,824	192,202	345,424	402,221	113,330
Net income from continuing operations	189,100	182,343	139,071	261,615	306,367	84,972
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) in current period	189,100	182,343	139,071	261,615	306,367	84,972
Other comprehensive income in current period (net amount after tax)	(15,756)	3,762	(67,691)	36,462	(13,390)	53,518
Total comprehensive income for the year	173,344	186,105	71,380	298,077	292,977	138,490
Net income attributable to owners of parent Company	189,100	182,343	139,071	261,615	306,367	84,972
Net income attributable to Non-controlling equities	0	0	0	0	0	0
Comprehensive income (loss) attributable to owners of parent Company	173,344	186,105	71,380	298,077	292,977	138,490
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0	0
Earnings per share	2.67	2.24	1.66	3.10	3.49	0.96

Note 1: Audited and attested by CPA.

Note 2: Reviewed by CPA.

Condensed Balance Sheet (Individual)

Unit: NTD thousand

Item		Financial statements for the most recent five fiscal years (Note 1) 2017	2018	2019	2020	2021	Financial statements as of March 31, 2022 (Note 3)
Current assets		1,280,709	1,669,418	1,543,435	1,574,013	1,955,019	
Real property, plant, and equipment		108,854	138,888	117,116	93,632	87,635	
Intangible assets		46,296	41,260	36,986	36,384	31,413	
Other assets		1,197,496	1,565,181	1,841,166	2,202,712	2,433,071	
Total asset value		2,633,355	3,414,747	3,538,703	3,906,741	4,507,138	
Current liabilities	Before distribution	968,849	1,224,816	1,316,554	1,709,621	1,933,651	
Current liabilities	After distribution	1,125,057	1,308,000	1,401,079	1,878,633	(Note 2)	
Non-current liabilities		183,640	243,018	257,162	17,782	21,502	
Total liabilities	Before distribution	1,152,489	1,467,834	1,573,716	1,727,403	1,955,153	
Total liabilities	After distribution	1,308,697	1,551,018	1,658,241	1,896,415	(Note 2)	
Equity attributable to owners of parent Company		1,480,866	1,946,913	1,964,987	2,179,338	2,551,985	
Share capital		760,947	844,419	845,011	845,248	889,535	
Capital surplus		243,704	559,411	560,800	561,362	765,757	
Retained earnings	Before distribution	591,589	622,179	680,939	858,029	995,384	
Retained earnings	After distribution	435,381	538,995	596,414	689,017	(Note 2)	
Other equities		(44,088)	(51,199)	(121,763)	(85,301)	(98,691)	
Treasury stock		(71,286)	(27,897)	0	0	0	
Non-controlling equity		0	0	0	0	0	
Total equity	Before distribution	1,480,866	1,946,913	1,964,987	2,179,338	2,551,985	
Total equity	After distribution	1,324,658	1,863,729	1,880,462	2,010,326	(Note 2)	

Note 1: Audited and attested by CPA.

Note 2: Distribution of earnings for 2021 is subject to the resolution of the annual shareholders' meeting. Therefore, the amount after the 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, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Turnover	1,632,228	1,611,975	1,770,683	2,012,954	2,330,432	
Gross profit	292,869	370,847	235,411	425,051	1,897,882	
Operating profit (loss)	140,759	195,985	65,015	212,601	191,542	
Non-operating income and expenses	70,593	19,683	107,001	86,102	156,398	
Profit before income tax	211,352	215,668	172,016	298,703	347,940	
Net income from continuing operations	189,100	182,343	139,071	261,615	306,367	
Loss from discontinued operations	0	0	0	0	0	
Net income (loss) in current period	189,100	182,343	139,071	261,615	306,367	
Other comprehensive income in current period (net amount after tax)	(15,756)	3,762	(67,691)	36,462	(13,390)	
Total comprehensive income for the year	173,344	186,105	71,380	298,077	292,977	
Net income attributable to owners of parent Company	189,100	182,343	139,071	261,615	306,367	
Net income attributable to Non-controlling equities	0	0	0	0	0	
Comprehensive income (loss) attributable to owners of parent Company	173,344	186,105	71,380	298,077	292,977	
Comprehensive income (loss) attributable to non-controlling equities	0	0	0	0	0	
Earnings per share	2.67	2.24	1.66	3.10	3.49	

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
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
2021	KPMG Taiwan	Zheng-Xue Chen, Wan-Yuan You	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, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets	49.30	47.95	46.22	46.01	44.54	44.51
	Ratio of long-term capital to Property, Plant, and Equipment	192.06	171.19	184.08	179.95	189.15	191.44
Solvency (%)	Current ratio	145.59	139.09	150.66	134.94	141.48	146.62
	Quick ratio	117.44	99.32	122.12	104.51	105.54	110.27
	Times interest earned	17.86	10.76	8.40	22.15	33.94	33.06
Operating ability	Receivables turnover rate (times)	2.39	2.84	2.73	2.44	2.55	2.51
	Average days for cash receipts	152.71	128.52	133.69	149.59	143.13	145.41
	Inventory turnover (times)	4.65	3.31	3.10	3.63	3.34	3.17
	Payables turnover rate (times)	4.55	5.52	6.16	4.56	4.88	5.30
	Average days for sale of goods	78.49	110.27	117.74	100.55	109.28	115.14
	Turnover rate for property, plant, and equipment (times)	2.27	1.90	1.61	1.96	2.18	2.10
	Total assets turnover rate (times)	0.70	0.61	0.54	0.62	0.65	0.62
Profitability	Return on asset (%)	7.32	6.03	4.26	7.12	7.30	6.29
	Return on equity (%)	13.51	10.63	7.11	12.62	12.95	12.96
	Net profit before tax to paid-up capital (%)	33.82	30.05	22.74	40.86	45.21	50.96
	Net profit ratio (%)	9.73	8.92	6.92	10.97	10.85	11.54
	Earnings Per Share (NT$)	2.67	2.24	1.66	3.10	3.49	0.96
Cash flow	Cash flow ratio (%)	22.37	8.79	27.46	19.08	12.48	6.14
	Cash flow adequacy ratio (%)	92.69	52.77	60.98	59.99	55.50	54.90
	Cash reinvestment ratio (%)	6.82	(0.68)	10.25	8.17	2.19	4.36
Leverage	Operating leverage	2.08	1.82	2.68	2.02	2.19	3.00
	Financial leverage	1.05	1.11	1.14	1.04	1.03	1.06

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%)
Increase in interest coverage ratio: In 2021, the market demand for MB & VGA & NB/Chromebook was stable, and the DIP/Vchip/CAP product shipments increased. In addition, the epidemic in Malaysia severely affected Japanese E-CAPs. A large number of important NB customers switched to solid-state Vchips, with increase in shipments. The increase in revenue and operating efficiency resulted in an increase in gross profit and profit.
The decrease of cash flow ratio: Mainly due to a decrease in net cash flows generated from operating activities.
The decrease of cash reinvestment ratio: Mainly due to a decrease in net cash flows generated from operating activities and the increase of cash dividends issued in 2021.

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	2017	2018	2019	2020	2021	As of March 31, 2022 (Note 2)
		Financial analysis for the most recent five fiscal years (Note 1)					
Finance Structure (%)	Ratio of liabilities to assets	43.76	42.98	44.47	44.21	43.37	
	Ratio of long-term capital to property, plant, and equipment	1,529.11	1,576.76	1,293.13	1,828.51	2,161.72	
Solvency ability %	Current ratio	132.18	136.29	117.23	92.06	101.10	
	Quick ratio	124.83	120.14	107.36	81.05	90.13	
	Times interest earned	17.73	17.06	11.05	20.72	30.05	
Operating ability	Receivables turnover rate (times)	2.36	2.81	3.03	2.66	2.63	
	Average days for cash receipts	154.66	129.89	120.46	137.21	138.78	
	Inventory turnover (times)	16.20	9.21	9.35	9.88	9.49	
	Payables turnover rate (times)	4.05	3.54	3.87	3.91	4.28	
	Average days for sale of goods	22.53	39.63	39.03	36.94	38.46	
	Turnover rate for property, plant, and equipment (times)	25.08	13.01	11.39	13.78	19.48	
	Total assets turnover rate (times)	0.65	0.53	0.50	0.54	0.55	
Profitability	Return on asset (%)	7.99	6.40	4.39	7.38	7.53	
	Return on equity (%)	13.51	10.63	7.11	12.62	12.95	
	Net profit before tax to paid-up capital (%)	27.77	25.54	20.35	35.33	39.11	
	Net profit ratio (%)	11.58	11.31	7.85	12.99	13.14	
	Earnings Per Share (NT$)	2.67	2.24	1.66	3.10	3.49	
Cash flow	Cash flow ratio (%)	8.04	37.28	0.00	6.35	4.21	
	Cash flow adequacy ratio (%)	86.33	110.13	99.01	72.69	74.30	
	Cash reinvestment ratio (%)	(1.76)	8.26	(2.14)	0.54	(1.77)	
Leverage	Operating leverage	1.65	1.05	1.34	1.19	1.17	
	Financial leverage	1.09	1.07	1.35	1.07	1.06	

Analysis of financial ratio difference for the last two years (Not required if the difference does not exceed 20%)
Increase in interest coverage ratio and property, plant and equipment turnover rates: In 2021, the market demand for MB & VGA & NB/Chromebook was stable. In addition, the epidemic in Malaysia severely affected Japanese E-CAPs. A large number of important NB customers switched to solid-state Vchips, with increase in demand. The increase in revenue and operating efficiency resulted in an increase in gross profit and profit.
The decrease of cash flow ratio: Mainly due to an increase in current liabilities.
The decrease of cash reinvestment ratio: Mainly due to an increase of cash dividends issued in 2021.

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, Special attention shall be paid to their reasonableness and 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 shall prepare and submit the Company's 2021 Annual Business Report, Consolidated Financial Reports, Parent Company Only Financial Reports and the Proposal of the Earnings Distribution Statement, in which the Consolidated Financial Reports and Parent Company Only Financial Reports have been audited by the CPAs Zheng-Xue Chen and Wan-Yuan You of KPMG Taiwan, with the written audit report issued. The aforementioned Business Report, Consolidated Financial Reports, Parent Company Only Financial Reports and the Proposal of the Earnings Distribution Statement have been audited by the Audit Committee and deemed as appropriate, and reported as above in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Act for approval.

Sincerely,

2022 Regular Shareholders' Meeting of APAQ Technology Co., Ltd.

Convener of the Audit Committee: 劉仲明

Feburary 10, 2022

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

Statement of Declaration

In year 2021 (from January 1 to December 31, 2021), 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 10, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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. 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, 2021. 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, 2021 and 2020.

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 2021 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 Taiwan

Certified public accountant :

Securities Competent Authority Approval No. : Jin-Guan-Zheng-Shen-Zi No. 1020002066
(88) Taiwan-Finance-Securities-VI-18311

February 10, 2022

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheets

Years ended on December 31, 2021 and 2020

Unit: NT$ thousand

	Assets	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 828,178	18	683,514	17
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,239	3	138,474	4
1150	Notes receivable [Note VI(III)]	35,347	1	51,034	1
1170	Accounts receivable [Note VI(III)]	1,059,782	23	984,323	24
1180	Accounts receivable - related parties [Notes VI(III) & VII]	49,460	1	25,406	1
1310	Inventories, net [Note VI(IV)]	697,174	15	544,367	13
1479	Other current assets [Note VI(VIII)]	61,535	1	55,156	1
		2,869,715	62	2,482,274	61
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	129,807	3	136,944	3
1550	Investments accounted for under the equity method [Note VI(V)]	83,075	2	45,737	1
1600	Property, plant and equipment [Note VI(VI)]	1,330,505	29	1,183,327	30
1755	Right-of-use assets [Note VI(VII)]	29,981	1	37,627	1
1780	Intangible assets [Note VI(IX)]	31,697	1	36,796	1
1840	Deferred income tax assets [Note VI(XV)]	54,401	1	45,859	1
1920	Refundable deposits [Note VIII]	26,263	-	26,351	1
1990	Other non-current assets [Note VI(VIII)]	46,377	1	41,682	1
		1,732,106	38	1,554,323	39
	Total assets	**$ 4,601,821**	**100**	**4,036,597**	**100**

	Liabilities and Equity	2021.12.31 Amount	%	2020.12.31 Amount	%
	Current liabilities:				
2100	Short-term loans [Note VI(X)]	$ 1,306,000	28	865,000	21
2170	Accounts payable	411,098	9	430,730	11
2180	Accounts payable - related parties [Note VII]	5,430	-	2,319	-
2201	Payroll and bonus payable	132,018	3	114,188	3
2213	Payables on equipment	40,938	1	24,001	1
2280	Lease liabilities - current [Note VI(XIII)]	7,985	-	9,001	-
2320	Bonds payable due within one year [Note VI(XII)]	-	-	248,676	6
2399	Other current liabilities	124,865	3	145,562	4
		2,028,334	44	1,839,477	46
	Non-current liabilities:				
2540	Long-term loans [Note VI(XI)]	10,000	-	-	-
2580	Lease liabilities - non-current [Note VI(XIII)]	11,502	-	17,782	-
		21,502	-	17,782	-
	Total Liabilities	2,049,836	44	1,857,259	46
	Equity [Note VI(XII) & (XVI)]:				
3100	Share capital	889,535	19	845,248	21
3200	Capital surplus	765,757	17	561,362	14
3300	Retained earnings	995,384	22	858,029	21
3400	Other equity	(98,691)	(2)	(85,301)	(2)
	Total equity	2,551,985	56	2,179,338	54
	Total liabilities and equity	**$ 4,601,821**	**100**	**4,036,597**	**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, 2021 and 2020

Unit: NT$ thousand

		2021		2020	
		Amount	**%**	**Amount**	**%**
4110	**Net sales revenue** [Notes VI(XVIII) & VII]	$ 2,822,408	100	2,384,625	100
5110	Cost of goods sold [Notes VI(XIX) & VII]	2,075,546	74	1,701,353	71
5950	**Gross profit**	746,862	26	683,272	29
6000	**Operating expenses** [Notes VI(XIX) & VII]:				
6100	Selling expenses	98,874	4	82,398	3
6200	Administrative expenses	154,558	5	143,270	6
6300	Research and development expenses	90,959	3	70,706	3
	Total operating expenses	344,391	12	296,374	12
6900	**Operating profit**	402,471	14	386,898	17
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(II) & (XX)]	42,809	1	39,314	2
7050	Finance costs [Notes VI(XII), (XIII) & (XX)]	(12,209)	-	(16,331)	(1)
7100	Interest income [Notes VI(XX) & VII]	2,678	-	2,153	-
7230	Foreign exchange gain (loss) [Note VI(XXI)]	(34,558)	(1)	(68,138)	(3)
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	1,030	-	1,528	-
	Non-operating income and expenses, net	(250)	-	(41,474)	(2)
7900	**Net profit before income tax**	402,221	14	345,424	15
7950	**Less: Income tax expense** [Note VI(XV)]	95,854	3	83,809	4
	Net income for the period	306,367	11	261,615	11
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	(7,371)	-	8,178	-
	Total of items that may not be reclassified subsequently to profit or loss	(7,371)	-	8,178	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Financial statements translation differences of foreign operations	(7,523)	-	35,355	1
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	1,504	-	(7,071)	-
	Total of items that may be reclassified subsequently to profit or loss	(6,019)	-	28,284	1
8300	**Other comprehensive income, net of tax**	(13,390)	-	36,462	1
	Total comprehensive income for the year	**$ 292,977**	**11**	**298,077**	**12**
	Earnings per share (Unit: NT$) [Note VI**(XVII)**]				
9750	Basic earnings per share	**$**	**3.49**		**3.10**
9850	Diluted earnings per share	**$**	**3.43**		**2.96**

(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, 2021 and 2020

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 retained earnings**	**Total**	**Financial statements translation differences of foreign operations**	**Gains (losses) on equity instruments investment at fair value through other comprehensive income**	**Total**	**Total equity**
Balance as of January 1, 2020	$ 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 for the period	-	-	-	-	-	-	261,615	261,615	-	-	-	261,615
Other comprehensive income for the period	-	-	-	-	-	-	-	-	28,284	8,178	36,462	36,462
Total comprehensive income for the year	-	-	-	-	-	-	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 corporate 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
Net income for the period	-	-	-	-	-	-	306,367	306,367	-	-	-	306,367
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(6,019)	(7,371)	(13,390)	(13,390)
Total comprehensive income for the year	-	-	-	-	-	-	306,367	306,367	(6,019)	(7,371)	(13,390)	292,977
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	26,161	-	(26,161)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(36,462)	36,462	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(169,012)	(169,012)	-	-	-	(169,012)
Conversion of convertible corporate bonds	44,287	-	44,287	204,395	-	-	-	-	-	-	-	248,682
Balance as of December 31, 2021	**$ 889,535**	**-**	**889,535**	**765,757**	**166,116**	**85,301**	**743,967**	**995,384**	**(92,490)**	**(6,201)**	**(98,691)**	**2,551,985**

(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, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flows from operating activities:			
Income before income tax for the period	$	402,221	345,424
Adjustments:			
Income and expenses having no effect on cash flows			
Depreciation		210,643	204,253
Amortization		5,196	4,536
Interest expense		12,209	16,331
Interest income		(2,678)	(2,153)
Dividend income		(23,246)	(3,012)
Share of corporate profit recognized under the equity method		(1,030)	(1,528)
Loss on disposal of property, plant and equipment		674	249
Other non-cash expense (gain) items, net		971	758
Total income and expense items		202,739	219,434
Changes in operating assets and liabilities:			
Notes and accounts receivable (including related parties)		(85,266)	(156,802)
Inventories		(153,737)	(145,314)
Other operating assets		(6,264)	(23,691)
Accounts payable (including related parties)		(16,008)	115,144
Other operating liabilities		22,945	29,030
Total adjustments		(35,591)	37,801
Cash generated from operations		366,630	383,225
Interest received		2,678	2,153
Cash Dividends received		23,246	3,012
Interest paid		(10,806)	(11,952)
Income tax paid		(128,594)	(25,375)
Net cash generated from operating activities		253,154	351,063
Cash flows from investing activities:			
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)
Acquisition of investments accounted for under the equity method		(37,000)	-
Acquisition of property, plant and equipment		(308,258)	(169,543)
Disposal of property, plant and equipment		14	-
Acquisition of intangible assets		(100)	(4,062)
Increase in refundable deposits		-	(556)
Increase in other non-current assets		(3,092)	(8,813)
Increase in prepayments for business facilities		(30,274)	(30,984)
Net cash used in investing activities		(378,710)	(219,958)
Cash flows from financing activities:			
Increase in short-term loans		531,699	380,000
Repayment of short-term loans		(90,699)	(439,236)
Long-term Borrowings		10,000	-
Repayment for bonds due		(1,100)	(1,300)
Repayment of lease principal		(9,459)	(9,043)
Cash dividends paid		(169,012)	(84,525)
Net cash flows generated from (used in) financing activities		271,429	(154,104)
Effect of exchange rate changes		(1,209)	5,560
Increase (decrease) in cash and cash equivalents		144,664	(17,439)
Cash and cash equivalents, beginning of the year		683,514	700,953
Cash and cash equivalents, end of the year	**$**	**828,178**	**683,514**

(See the attached notes to consolidated financial statements)

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

<u>Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China</u>

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

2021 and 2020

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

I. History and Organization

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 Parent Company Only Financial Statements

The consolidated only financial statements were approved and issued on February 10, 2022, by the Board of Directors.

III. Application of New Standards, Amendments and Interpretations

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

Since January 1, 2021, the consolidated company has adopted below newly amended IFRSs which does 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"

· Amendment to IFRS 16 "COVID-19-related Rent Concessions After June 30, 2021"

(II) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The consolidated company has evaluated that the aforementioned amendments effective on January 1, 2022, do not have a material impact on the consolidated financial statements.

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

· Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

· Annual Improvements to IFRSs 2018-2020 cycle

· Amendment to IFRS 3 "Reference to the Conceptual Framework"

(III) Newly issued and amended standards and interpretations yet to be 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**
Amendment to IAS 1 "Disclosure of Accounting Policies"	The Amendments to IAS 1 include: ・A Company is now required to disclose its material accounting policy information instead of its significant accounting policies; ・Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed; ・Not all accounting policy information that relates to material transactions, other events or conditions is material to the Company's financial statements.	January 1, 2023

The consolidated company is in the process of evaluating the impact on its financial position and performance of the adoption of the aforementioned standards and interpretations. The results thereof will be disclosed 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
- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

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.

(I) 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 Financial Supervisory Commission, Executive Yuan (hereinafter referred to as "IFRSs").

(II) 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.

(III) 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 subsidiary**	**Main business activities**	**Percentage of Ownership**	
			2021.12.31	**2020.12.31**
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%

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

(IV) 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.

(V) 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.

(VI) 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.

(VII) 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 stocks

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.

(VIII) 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.

(IX) 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 profit or loss resulting from the transaction between the consolidated company and associates shall be recognized in the financial statements only to the extent unrelated to the investor's interests in associates.

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.

(X) 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 consolidated 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 equipment： 4-10 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.

(XI) Lease

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.

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.

(XII) 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) Royalty fees: 12 years

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

(XIII) 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.

(XIV) Revenue recognition

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.

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) Earnings per Share (EPS)

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.

(XX) 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. The aforementioned uncertainties of assumption and estimation have a significant risk of causing a material adjustment to the asset's carrying amount in the next fiscal year, and it has already reflected the impact of the Coronavirus disease (COVID-19) pandemic. 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:

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

(II) 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).

(III) 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

(I) Cash and cash equivalents

		2021.12.31	2020.12.31
Cash and demand deposit	$	741,236	639,866
Time deposits		86,942	43,648
Cash and cash equivalents	**$**	**828,178**	**683,514**

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.

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

1. Current:

		2021.12.31	2020.12.31
Domestic listed stocks	**$**	**138,239**	**138,474**

2. Non-current:

	2021.12.31	2020.12.31
Domestic and foreign unlisted common stocks		
Foxfortune Technology Ventures Limited	$ 37,132	52,996
Inpaq Korea Co., Ltd.	1,827	1,418
Element I Venture Capital Co., Ltd.	17,895	16,259
Kuan Kun Electronic Enterprise Co., Ltd.	61,234	57,725
AICP Technology Corporation	1,143	1,582
Yuanxin Semiconductor Co., Limited	10,576	6,964
	$ 129,807	**136,944**

Information on major foreign currency equity investments as of the reporting date is as follows:

	2021.12.31			2020.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
USD	$ 1,017	27.68	28,151	1,017	28.48	28,964

Equity instruments held by the consolidated company are strategic long-term investments and not held 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 recognized dividend income of NT$23,246 thousand and NT$3,012 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, respectively.

(III) Notes and accounts receivable (including related parties)

	2021.12.31	2020.12.31	2020.1.1
Notes receivable	$ 35,347	51,034	87,461
Accounts receivable	1,059,782	984,323	780,770
Accounts receivable - related parties	49,460	25,406	22,724
	$ 1,144,589	**1,060,763**	**890,955**

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:

	2021.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 1,131,671	0%	-
Past due 1-90 days	12,918	0%	-
Total	**$ 1,144,589**		**-**

	2020.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 1,058,612	0%	-
Past due 1-90 days	2,151	0%	-
Total	**$ 1,060,763**		**-**

No impairment loss has been provided for receivables (including related parties) for the years ended December 31, 2021 and 2020, respectively.

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

(IV) Inventories, net

	2021.12.31	**2020.12.31**
Raw materials	$ 214,255	194,351
Work in process and semi-finished products	79,376	61,212
Finished goods and commodity	403,543	288,804
	$ 697,174	**544,367**

The details of operating costs were as follows:

		2021	2020
Cost of goods sold	$	2,075,546	1,701,353
Loss on market value decline and obsolete and slow-moving inventories		-	-
	$	**2,075,546**	**1,701,353**

(V) Investments accounted for under the equity method

Investments of the consolidated company under equity method at financial reporting end date are individually non-significant and are listed below:

		2021.12.31	2020.12.31
Associate	**$**	**83,075**	**45,737**

Share attributable to the consolidated company:

		2021	2020
Net income (loss)	$	1,030	1,528
Other comprehensive income for the period		-	-
Total comprehensive income for the year	**$**	**1,030**	**1,528**

1. The consolidated company invested NT$30,000 thousand in AiPAQ Technology Co., Ltd. in January 2021 to obtain a 30% equity interest and thus obtained significant influence on the company.
2. The consolidated company invested NT$7,000 thousand in JDX Enterprise Co., Ltd. from July to September 2021 to obtain a 45% equity interest and thus obtained significant influence on the company. The consolidated company is the single largest shareholder of this company, but the consolidated company does not hold more than half of the voting rights out of the attendance rate of this company's shareholders meeting, and the main manager of this company is not appointed by the consolidated company, which shows that the consolidated company has no actual ability to direct relevant activities. Therefore, it is judged that it has no control over this company, recognized as an investment accounted for under the equity method.

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

(VI) Property, plant and equipment

	Buildings	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:					
Balance as of January 1, 2021	$ 363,157	1,604,911	130,737	131,927	2,230,732
Additions	4,092	117,666	29,467	202,498	353,723
Disposals and obsolescence	-	(5,888)	(1,184)	(206)	(7,278)
Reclassifications	8,814	77,410	20,894	(108,346)	(1,228)
Effect of exchange rate changes	(1,398)	(5,375)	(190)	57	(6,906)
Balance as of December 31, 2021	**$ 374,665**	**1,788,724**	**179,724**	**225,930**	**2,569,043**
Balance as of January 1, 2020	$ 353,940	1,489,109	114,134	52,619	2,009,802
Additions	3,501	63,232	26,954	94,314	188,001
Disposals and obsolescence	-	(1,071)	(995)	-	(2,066)
Reclassifications	-	28,436	(11,027)	(18,167)	(758)
Effect of exchange rate changes	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**
Depreciation:					
Balance as of January 1, 2021	$ 140,357	834,470	72,578	-	1,047,405
Depreciation for the period	26,960	147,868	26,053	-	200,881
Disposals and obsolescence	-	(5,533)	(1,057)	-	(6,590)
Effect of exchange rate changes	(418)	(2,644)	(96)	-	(3,158)
Balance as of December 31, 2021	**$ 166,899**	**974,161**	**97,478**	**-**	**1,238,538**
Balance as of January 1, 2020	$ 113,230	666,892	53,484	-	833,606
Depreciation for the period	24,173	151,589	19,014	-	194,776
Disposals and obsolescence	-	(945)	(872)	-	(1,817)
Effect of exchange rate changes	2,954	16,934	952	-	20,840
Balance as of December 31, 2020	**$ 140,357**	**834,470**	**72,578**	**-**	**1,047,405**
Carrying Amount:					
December 31, 2021	**$ 207,766**	**814,563**	**82,246**	**225,930**	**1,330,505**
January 1, 2020	**$ 240,710**	**822,217**	**60,650**	**52,619**	**1,176,196**
December 31, 2020	**$ 222,800**	**770,441**	**58,159**	**131,927**	**1,183,327**

(VII) Right-of-use assets

	Land use rights	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2021	$ 11,678	39,940	1,082	52,700
Additions	-	474	1,689	2,163
Deduction	-	(474)	(1,204)	(1,678)
Effect of exchange rate changes	(47)	-	-	(47)
Balance as of December 31, 2021	**$ 11,631**	**39,940**	**1,567**	**53,138**
Balance as of January 1, 2020	$ 11,497	24,497	1,082	37,076
Additions	-	15,974	-	15,974
Deduction	-	(531)	-	(531)
Effect of exchange rate changes	181	-	-	181
Balance as of December 31, 2020	**$ 11,678**	**39,940**	**1,082**	**52,700**
Depreciation of right-of-use assets:				
Balance as of January 1, 2021	$ 578	13,529	966	15,073
Depreciation for the period	286	8,976	500	9,762
Deduction	-	(474)	(1,204)	(1,678)
Balance as of December 31, 2021	**$ 864**	**22,031**	**262**	**23,157**
Balance as of January 1, 2020	$ 284	5,342	483	6,109
Depreciation for the period	276	8,718	483	9,477
Deduction	-	(531)	-	(531)
Effect of exchange rate changes	18	-	-	18
Balance as of December 31, 2020	**$ 578**	**13,529**	**966**	**15,073**
Carrying amount of right-of-use assets:				
December 31, 2021	**$ 10,767**	**17,909**	**1,305**	**29,981**
January 1, 2020	**$ 11,213**	**19,155**	**599**	**30,967**
December 31, 2020	**$ 11,100**	**26,411**	**116**	**37,627**

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

(VIII) Other financial assets - current and non-current

	2021.12.31	2020.12.31
Prepayments for business facilities deposit	$ 31,737	30,104
Business tax credit	29,744	38,563
Prepaid expenses	24,961	15,904
Deferred expenses	14,640	11,578
Prepayments for goods and others	6,830	689
	$ 107,912	**96,838**

(IX) Intangible assets

	Computer software	Royalty fees	Total
Cost:			
Balance as of January 1, 2021	$ 8,662	45,038	53,700
Separate acquisition	100	-	100
Effect of exchange rate changes	(5)	-	(5)
Balance as of December 31, 2021	**$ 8,757**	**45,038**	**53,795**
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**
Amortization:			
Balance as of January 1, 2021	$ 5,019	11,885	16,904
Amortization for the period	1,443	3,753	5,196
Effect of exchange rate changes	(2)	-	(2)
Balance as of December 31, 2021	**$ 6,460**	**15,638**	**22,098**
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**
Carrying Amount:			
December 31, 2021	**$ 2,297**	**29,400**	**31,697**
January 1, 2020	**$ 353**	**36,906**	**37,259**
December 31, 2020	**$ 3,643**	**33,153**	**36,796**

(X) Short-term loans

	2021.12.31	2020.12.31
Unsecured bank loans	$ 1,306,000	865,000
Unused limit	$ 713,966	981,352
Interest rate range	0.88%~ 1.1%	0.88%~ 1.03%

(XI) Long-term loans

	2021.12.31
Unsecured bank loans	$ 10,000
Unused limit	$ 790,000
Interest rate range	1.31978%

(XII) 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
Total amount of issuing convertible corporate bonds	$ 300,000
Less: Unamortized payable corporate bond discount	-
Less: Accumulated converted ordinary shares	(298,700)
Less: Repayment upon maturity	(1,300)
Balance of bonds payable at the end of the period	$ -

	2020
Interest expense	$ 3

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.

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

		2021.12.31	2020.12.31
Total amount of issuing convertible corporate bonds	$	250,000	250,000
Less: Unamortized payable corporate bond discount		-	(1,324)
Less: Accumulated converted ordinary shares		(248,900)	-
Less: Long-term liabilities due within one year		-	(248,676)
Less: Repayment upon maturity		(1,100)	-
Balance of bonds payable at the end of the period	**$**	**-**	**-**

		2021	2020
Interest expense	**$**	**1,107**	**5,253**

The Company's second unsecured convertible corporate bonds will be matured on April 27, 2021, and the TPEx trading was terminated on the business day following the maturity date. According to Article 6 of the relevant issuance and conversion regulations, the Company will repay the converted corporate bonds in cash at a time according to the remaining bond denomination.

The conversion prices were NT$56.2 on April 27, 2021 (maturity date) and December 31, 2020, respectively.

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%.

Please refer to Note VI(XVI) for the second unsecured conversion of corporate bonds into ordinary shares for the years ended December 31, 2021 and 2020, respectively.

(XIII) Lease liabilities

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

		2021.12.31	2020.12.31
Current	**$**	**7,985**	**9,001**
Non-current	**$**	**11,502**	**17,782**

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

		2021	2020
Interest expense of lease liabilities	**$**	**271**	**350**
Expense for leases of low-value items	**$**	**73**	**70**

The amounts recognized in the statements of cash flows are:

		2021	2020
Total cash outflow for lease	**$**	**9,803**	**9,463**

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings on December 31, 2021 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 liabilities.

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.

(XIV) 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$4,238 thousand and NT$3,560 thousand for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 in accordance with relevant local laws and regulations were NT$815 thousand and NT$165 thousand respectively.

(XV) Income Tax

1. Income tax expense

The amount of the consolidated company's income tax expenses for the years ended December 31, 2021 and 2020 was as follows:

		2021	2020
Current income tax expense (benefit)			
Current income tax expenses	$	110,497	83,478
Current income tax from adjustment of prior period		(7,605)	(1,465)
		102,892	82,013
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		(7,038)	1,796
Current income tax expenses	**$**	**95,854**	**83,809**

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

		2021	2020
Exchange differences on translation of foreign operations	**$**	**1,504**	**(7,071)**

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

	2021	2020
Net profit before income tax	$ 402,221	345,424
Income tax at the Company's domestic tax rate	80,444	69,085
Effect of different tax rates in foreign jurisdictions	10,606	9,000
Permanent difference and others	9,087	7,189
Additional tax on undistributed earnings	3,322	-
Over-estimated amount	(7,605)	(1,465)
Total	**$ 95,854**	**83,809**

4. Deferred tax assets and liabilities

As of December 31, 2021 and 2020, 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:

	2021.12.31	2020.12.31
Undistributed earnings from subsidiaries	**$ 772,759**	**617,381**
Unrecognized deferred tax liabilities	**$ (154,552)**	**(123,476)**

5. Recognized deferred tax assets (liabilities)

Deferred income tax assets

	2020.1.1	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020	Recognized in Statements of Comprehensive Income	Recognized in other comprehensive income	December 31, 2021
Loss for market price decline and obsolete and slow-moving inventories	$ 719	-	-	719	-	-	719
Unrealized expenses	19,068	(5,622)	-	13,446	7,827	-	21,273
Unrealized profit between associates	2,833	3,926	-	6,759	(55)	-	6,704
Financial statements translation differences of foreign operations	26,951	-	(7,071)	19,880	-	1,504	21,384
Unrealized exchange loss	4,689	(12)	-	4,677	(645)	-	4,032
Others	466	(88)	-	378	(89)	-	289
	$ 54,726	**(1,796)**	**(7,071)**	**45,859**	**7,038**	**1,504**	**54,401**

6. The ROC income tax authorities have examined the Company's income tax returns through 2019.

(XVI) Capital and other equity

1. Share capital

As of December 31, 2021 and 2020, 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$889,535 thousand and NT$845,248 thousand, respectively at NT$10 per share.

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

	Ordinary shares	
	2021	**2020**
Balance as of January 1	84,525	84,502
Conversion of convertible corporate bonds	4,429	23
Balance at December 31	**88,954**	**84,525**

The Company issued 4,429 thousand new shares of common stocks for the conversion of convertible corporate bonds for the period from January 1 to April 27, 2021 (maturity date) with the amount of NT$44,287 thousand, and has completed the statutory registration procedures.

The Company issued 23 thousand new shares of common stocks for the conversion of convertible corporate bonds from January 1, 2020 to March 1, 2020 (the maturity date), amounted to NT$237 thousand, and the statutory registration procedures are completed.

2. Capital surplus

	2021.12.31	**2020.12.31**
Share premium	$ 320,766	320,766
Issuance of common stock for cash and retained employee compensation	7,852	7,852
Subscription right to corporate bonds	117	11,890
Treasury stock transactions	3,642	3,642
Premium from conversion of corporate bonds to common stocks	433,380	217,212
	$ 765,757	**561,362**

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. 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, 2021.

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 August 24, 2021 and June 17, 2020, respectively. Information on dividends appropriated to owners is as follows:

	2020		2019	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of ordinary shares:				
Cash (NT$)	**$ 1.9**	**169,012**	**1**	**84,525**

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2021 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).

(XVII) Earnings per Share (EPS)

	2021	2020
Basic EPS:		
Net income attributable to the Company	**$ 306,367**	**261,615**
Weighted-average number of ordinary shares (in thousands)	**87,851**	**84,512**
Basic EPS (NT$)	**$ 3.49**	**3.10**
Diluted EPS:		
Net income attributable to the Company	$ 306,367	261,615
Post-tax interest on convertible corporate bonds	886	4,200
Net income attributable to share capital of common stocks	**$ 307,253**	**265,815**
Weighted-average number of ordinary shares (in thousands)	87,851	84,512
Effect of potential diluted ordinary shares:		
Employee compensation to be distributed in stocks	623	698
Convertible corporate bonds	1,102	4,448
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	**89,576**	**89,658**
Diluted EPS (NT$)	**$ 3.43**	**2.96**

(XVIII) Revenue of customer contract

		2021	2020
Revenues from major regional markets:			
China	$	2,656,257	2,296,770
Taiwan		162,005	83,962
Other Countries		4,146	3,893
	$	**2,822,408**	**2,384,625**
Major products			
Coiled conductive polymer solid state capacitors	$	2,217,190	1,991,814
Chip-type conductive polymer solid state capacitors		605,218	392,811
	$	**2,822,408**	**2,384,625**

(XIX) 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, the profit shall first be used to offset against any deficit. 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$33,222 thousand and NT$28,528 thousand as employee compensation for the years ended December 31, 2021 and 2020, respectively, and NT$9,760 thousand as remuneration for Directors for the year ended December 31, 2021 as well as NT$8,391 thousand as remuneration for Directors ans Supervisors for the year ended December 31, 2020. 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 remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the 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, 2020 were NT$28,528 thousand and NT$8,391 thousand respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XX) Non-operating income and expenses

1. Interest income

		2021	2020
Interests on bank deposits	$	2,668	2,060
Other interest income		10	93
	$	**2,678**	**2,153**

2. Other gains and losses, net

		2021	2020
Dividend income	$	23,246	3,012
Subsidy income		14,781	30,147
Service income		2,529	1,686
Loss on disposal of property, plant and equipment		(674)	(249)
Others		2,927	4,718
	$	**42,809**	**39,314**

3. Finance costs

		2021	2020
Interest expenses of corporate bonds	$	1,107	5,256
Interest expenses of loans		10,831	10,725
Interest expense of lease liabilities		271	350
	$	**12,209**	**16,331**

(XXI) 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, 2021 and 2020, 43% and 48% 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, 2021					
Non-derivative financial liabilities					
Short-term loans	$ 1,306,000	1,307,603	1,307,603	-	-
Accounts payable (including related parties)	416,528	416,528	416,528	-	-
Payroll and bonus payable	132,018	132,018	132,018	-	-
Payables on equipment	40,938	40,938	40,938	-	-
Lease liabilities (including current and non-current)	19,487	19,786	4,457	3,707	11,622
Long-term loans	10,000	10,500	65	67	10,368
	$ 1,924,971	**1,927,373**	**1,901,609**	**3,774**	**21,990**
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	-	-
Payables 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**

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:

	2021.12.31			2020.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 46,768	27.68	1,294,538	40,494	28.48	1,153,269
RMB	64,870	4.3471	281,996	45,670	4.3648	199,340
Financial liabilities						
Monetary items						
USD	2,550	27.68	70,584	1,638	28.48	46,650

(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, 2021 and 2020 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2021 and 2020 with all other variables held constant were as follows:

	Range of the fluctuations	**2021**	**2020**
TWD exchange rate	1% depreciation against USD	**$ 9,792**	**8,853**
	1% appreciation against USD	**$ (9,792)**	**(8,853)**
	1% depreciation against RMB	**$ 2,256**	**1,595**
	1% appreciation against RMB	**$ (2,256)**	**(1,595)**

(3) Foreign exchange gains (losses) on 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 variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. Changes in other comprehensive income for the three months ended March 31, 2021 and 2020 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations		**2021**	**2020**
Annual interest rate	Increase of 1%	**$**	**(10,528)**	**(6,920)**
	Decrease of 1%	**$**	**10,528**	**6,920**

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:

	2021		**2020**	
Securities price on reporting date	**Other comprehensive income, net of tax**	**Net income for the period**	**Other comprehensive income, net of tax**	**Net income for the period**
Increase of 1%	$ 2,680	-	2,754	-
Decrease of 1%	(2,680)	-	(2,754)	-

6. Fair value of financial instruments

(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:

	2021.12.31				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	**$ 138,239**	**138,239**	**-**	**-**	**138,239**
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	**$ 129,807**	**-**	**-**	**129,807**	**129,807**

	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 corporate bonds payable (including bonds due within one year)	**$ 248,676**	**278,400**	**-**	**-**	**278,400**

(2) Valuation techniques for financial instruments not measured 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. When market value is unavailable, valuation method is adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

(3) Valuation techniques for financial instruments that are measured 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 assets at fair value through other comprehensive income - investments in equity instruments without an active market
Balance as of January 1, 2021	$ 136,944
Total gains or losses	
Recognized in other comprehensive income	(7,137)
Balance as of December 31, 2021	**$ 129,807**
Balance as of January 1, 2020	$ 117,349
New addition	8,000
Proceeds from capital reduction	(2,000)
Total gains or losses	
Recognized in other comprehensive income	13,595
Balance as of December 31, 2020	**$ 136,944**

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, 2021 and 2020, gains or losses of assets in the book amounted to gain of NT$14,808 thousand and NT$21,945 thousand, respectively.

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The consolidated company classified the financial assets measured at fair value through other comprehensive income and loss – non-current as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs are independent, therefore, there is no correlation between them. Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - non-current (investments in equity instruments without an active market)	Net asset value method	● Net asset value ● Marketability discount (10% and 20% for December 31, 2021 and December 31, 2020)	● N/A ● The higher the marketability discount, the lower the fair value.

(XXII) 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, 2021 and 2020.

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) Exchange rate 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.

(XXIII) 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:

	2021.12.31	2020.12.31
Total liabilities	$ 2,049,836	1,857,259
Less: Cash and cash equivalents	(828,178)	(683,514)
Net liabilities	**$ 1,221,658**	**1,173,745**
Total equity	**$ 2,551,985**	**2,179,338**
Debt-to-capital ratio	**47.87%**	**53.86%**

(XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the years ended December 31, 2021 and 2020 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 from financing activities was as follows:

	2021.1.1	Cash flow	Non-cash changes: Change in Exchange fluctuations	Non-cash changes: Other changes	2021.12.31
Short-term loans	$ 865,000	441,000	-	-	1,306,000
Second issuance of convertible corporate bonds	248,676	(1,100)	-	(247,576)	-
Lease liabilities	26,783	(9,459)	-	2,163	19,487
Long-term loans	-	10,000	-	-	10,000
	$ 1,140,459	**440,441**	**-**	**(245,413)**	**1,335,487**

	2020.1.1	Cash flow	Non-cash changes: Change in Exchange fluctuations	Non-cash changes: 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**

VII. Related Party Transactions

(I) 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
Hubei Gather Electronics Science Co., Ltd.(Note)	An associate to the consolidated company
INPAQ Technology Co., Ltd.	Key management of the Company

Note: Hubei Gather Electronics Science is a subsidiary of Shenzhen Gather Electronics Science.

(II) Significant transactions with related parties

1. Operating revenue

		2021	2020
Shenzhen Gather Electronics Science Co., Ltd.	$	48,564	32,963
Hubei Gather Electronics Science Co., Ltd.		23,158	-
	$	**71,722**	**32,963**

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 pricing strategy is not significantly different. The credit conditions of the related parties are from 120 days to 150 days based on the monthly statement. The credit conditions of general customers are determined by the individual client's past transaction experience and the results of debt evaluation. The range is between 60 to 150 days.

2. Purchases

		2021	2020
Shenzhen Gather Electronics Science Co., Ltd.	$	6,612	5,952
Hubei Gather Electronics Science Co., Ltd.		4,832	-
	$	**11,444**	**5,952**

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 90 days from end of month for related parties.

3. Receivables from related parties

Financial Statement Account	Category of related parties		2021.12.31	2020.12.31
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	$	22,637	24,709
	Hubei Gather Electronics Science Co., Ltd.		26,161	-
		$	**48,798**	**24,709**

4. Payables to related parties

Financial Statement Account	Category of related parties	2021.12.31	2020.12.31
Accounts payable	Hubei Gather Electronics Science Co., Ltd.	$ 5,430	-
	Shenzhen Gather Electronics Science Co., Ltd.	-	2,319
		$ 5,430	**2,319**

5. Other transactions

   The consolidated company engaged in contracts associated with winding machines with related parties. Service income were NT$2,529 thousand and NT$1,686 thousand for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, receivables from related parties from the above transactions amounted to NT$662 thousand and NT$697 thousand, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	2021	2020
Short-term employee benefits	$ 42,960	41,317
Post-employment benefits	427	408
	$ 43,387	**41,725**

VIII. Pledged Assets

The carrying values of the consolidated company's pledged assets are as follows:

Pledged Assets	Purpose of Pledge	2021.12.31	2020.12.31
Refundable deposits	Purchase guarantee, investment guarantee, etc.	**$ 26,263**	**26,351**

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

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

XII. Other

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

Function / Type	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	310,414	181,849	492,263	219,130	156,675	375,805
Labor and health insurance expense	1,298	7,332	8,630	642	6,941	7,583
Pension expense	948	4,104	5,052	342	3,383	3,725
Other employee benefits expenses	5,111	8,669	13,780	2,817	7,223	10,040
Depreciation	169,786	40,857	210,643	179,092	25,161	204,253
Amortization	245	4,951	5,196	79	4,457	4,536

XIII. Supplementary disclosures

(I) Significant transactions information

Relevant information about significant transactions to be disclosed by the consolidated company in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. Financing provided to others:

No.	Lending Company	Borrower	Subject	Related party	Maximum outstanding balance in current period	Ending balance	Amount Actually Drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Loss Allowance	Collateral		Limit on loans granted to a single party	Total limit on loans
													Name	Value		
0	The Company	Apaq Wuxi	Other accounts receivable - related parties	Yes	171,210	166,080	-	-	Business transaction	1,845,092		-		-	1,020,794	1,020,794
0	The Company	Apaq Hubei	Other accounts receivable - related parties	Yes	171,210	166,080	83,040	2.366%	Short-term financing	-	Business Needs of Subsidiary	-		-	1,020,794	1,020,794

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.

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and Subsidiaries (continued)

2. Endorsement or guarantee provided to others:

No.	Name of Endorsement/ Guarantee Provider	Subject of endorsements/ guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance of Endorsements/ Guarantees in Current Period	Endorsement and Guarantee Ending Balance	Amount Actually Drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of Accumulated Endorsements/ Guarantees to the Net Worth of the Most Recent Financial Statement	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	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	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 negotiable securities at the end of the period (excluding the part of invested affiliated companies, associates and joint ventures equity):

Name of Held Company	Type and name of securities	Relationship with the issuer of the securities	Financial statement item	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income-current	4,710	138,239	4.64%	138,239	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	37,132	5.80%	37,132	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	1,827	10.73%	1,827	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,800	17,895	3.64%	17,895	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	3,770	61,234	5.39%	61,234	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income-non-current	240	1,143	3.20%	1,143	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	10,576	8.00%	10,576	

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 real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% 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	Relationship	Transaction details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases/ sales	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,845,092	98 %	60 days from end of month	-	Note 1	441,656	97.00%	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. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount: None.
9. Trading in derivative instruments: Intangible assets [Note VI(XII)]
10. Parent-subsidiary company business relation and significant transactions:

No.	Name of Trader	Name of the transaction counterparty	Relationship with the trader	Conditions of transactions			
				Items	Amount	Terms of transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Purchases	1,845,092	60 days from end of month	65%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Sales	124,491	60 days from end of month	4%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts receivable	52,152	-	1%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts payable	441,656	-	10%
0	The Company	Apaq Hubei	Parent company to a subsidiary	Other receivables	84,287	-	2%

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

Name of Investor	Name of investees	Primary Business	Primary business activities	Original Investment Amount		Shares held at the end of the period			Highest ownership during the period	Current Income (Loss) of the Investee	Investment Profit or Loss Recognized in the Current Period	Remarks
				End of the period	End of last year	Shares	Ratio	Carrying amount				
The Company	APAQ Samoa	Samoa	Holding company	1,377,960	1,377,960	44,504	100.00%	1,966,591	100.00%	123,943	125,653	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	-	3,000	30.00%	29,437	30.00%	(1,876)	(563)	Associate
The Company	JDX Enterprise	Taiwan	Production and sales of electronic components, etc.	7,000	-	700	45.16%	6,027	45.16%	(2,155)	(973)	Associate

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.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Name of Investee in Mainland China	Primary business activities	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	Current 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	Remarks
					Outward Remittance (Note 4)	Recovery								
Apaq Wuxi	Production and sales of electronic components, etc.	1,203,719 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	128,881	100.00%	100.00%	128,881 Note 3	1,946,200	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	43,471 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	5,266	35.00%	35.00%	2,566 Note 3	47,611	-	
Apaq Hubei	Production and sales of electronic components, etc.	179,026 (USD5,500 thousand)	Note 2	120,550 (USD 4,000 thousand)	55,713	-	176,263 (USD 6,000 thousand)	28,955	100.00%	100.00%	28,955 Note 3	236,297	-	

2. Limits of 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 MOEAIC
1,514,274 (USD45,700 thousand and RMB9,800 thousand)	1,624,994 (USD 51,700 thousand and RMB 9,800 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 51,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2021, there was still an approved investment amount of US$4,000 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. Substantial 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, 2021.

(IV) Information on major shareholders:

Unit: Shares

Shareholding / Name of Major Shareholder	No. of Shares Held	Shareholding %
Huacheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%
Prosperity Dielectrics Co., Ltd.	5,280,000	5.93%
INPAQ Technology Co., Ltd.	4,776,329	5.36%
Walton Advanced Engineering, Inc.	4,591,000	5.16%

Note: The information on 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. Operating segment information

(I) 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 sheet for segment information.

(II) Information on product categories

Please refer to Note VI(XVIII) for information on product for the years ended December 31, 2021 and 2020.

(III) 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.

1. Revenue from external customers:

Please refer to Note VI(XVIII) for information on revenue from external customers for the years ended December 31, 2021 and 2020.

2. Non-current assets:

	2021.12.31	2020.12.31
China	$ 1,297,135	1,139,212
Taiwan	141,425	160,220
	$ 1,438,560	**1,299,432**

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

(IV) Major customer information

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

	2021		2020	
	Amount	**% of net operating revenues for the current period**	**Amount**	**% of net operating revenues for the current period**
Customer A	$ 499,244	18	454,936	19
Customer B	201,866	7	232,231	10

V. IIndividual 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, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Opinion

We conducted our 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, 2021. 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 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 (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:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

5. 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.

6. 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 2021 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 Taiwan

Certified public accountant：

Securities Competent Authority Approval No. ： Jin-Guan-Zheng-Shen-Zi No. 1020002066
(88) Taiwan-Finance-Securities-VI-18311

February 10, 2022

Notice to Reader: For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

APAQ TECHNOLOGY CO., LTD.

Balance Sheets

Years ended on December 31, 2021 and 2020

Unit: NT$ thousand

		2021.12.31		2020.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents [Note VI(I)]	$ 564,129	12	406,447	10
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	138,239	3	138,474	4
1170	Accounts receivable [Note VI(III)]	888,260	20	796,098	20
1180	Accounts receivable - related parties [Notes VI(III) & VII]	52,152	1	30,684	1
1210	Other accounts receivables - related parties [Note VII]	94,564	2	5,665	-
1310	Inventories, net [Note VI(IV)]	210,757	5	189,147	5
1479	Other current assets [Note VI(VIII)]	6,918	-	7,498	-
		1,955,019	43	1,574,013	40
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	129,807	3	136,944	4
1550	Investments accounted for under the equity method [Note VI(V) and VII]	2,221,959	49	1,985,178	51
1600	Property, plant and equipment [Note VI(VI)]	87,635	2	93,632	2
1755	Right-of-use assets [Note VI(VII)]	19,214	1	26,527	1
1780	Intangible assets [Note VI(IX)]	31,413	1	36,384	1
1840	Deferred income tax assets [Note VI(XV)]	54,401	1	45,859	1
1920	Refundable deposits [Note VIII]	4,527	-	4,527	-
1990	Other non-current assets [Note VI(VIII)]	3,163	-	3,677	-
		2,552,119	57	2,332,728	60
	Total assets	**$ 4,507,138**	**100**	**3,906,741**	**100**

		2021.12.31		2020.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans [Note VI(X)]	$ 1,306,000	29	865,000	22
2170	Accounts payable	12,910	-	16,120	-
2180	Accounts payable - related parties [Note VII]	441,656	10	415,060	11
2201	Payroll and bonus payable	88,640	2	82,181	2
2213	Payables on equipment	6,175	-	3,354	-
2280	Lease liabilities - current [Note VI(XIII)]	7,985	-	9,001	-
2320	Bonds payable due within one year [Note VI(XII)]	-	-	248,676	7
2399	Other current liabilities	70,285	2	70,229	2
		1,933,651	43	1,709,621	44
	Non-current liabilities:				
2540	Long-term loans [Note VI(XI)]	10,000	-	-	-
2580	Lease liabilities - non-current [Note VI(XIII)]	11,502	-	17,782	-
		21,502	-	17,782	-
	Total Liabilities	1,955,153	43	1,727,403	44
	Equity [Note VI(XII) & (XVI)]:				
3100	Share capital	889,535	20	845,248	22
3200	Capital surplus	765,757	17	561,362	14
3300	Retained earnings	995,384	22	858,029	22
3400	Other equity	(98,691)	(2)	(85,301)	(2)
	Total equity	2,551,985	57	2,179,338	56
	Total liabilities and equity	**$ 4,507,138**	**100**	**3,906,741**	**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, 2021 and 2020

Unit: NT$ thousand

Code	Item	2021 Amount	2021 %	2020 Amount	2020 %
4110	**Net sales revenue** [Notes VI(XVIII) & VII]	$ 2,330,432	100	2,012,954	100
5110	Cost of goods sold [Notes VI(IV),(XIX) & VII]	1,897,882	81	1,583,203	79
5950	**Gross profit**	432,550	19	429,751	21
5910	Add: Unrealized sales profit and loss [Note VII]	(4,524)	-	(4,700)	-
5900	**Realized gross profit**	428,026	19	425,051	21
6000	**Operating expenses** [Notes VI(XIX) & VII]:				
6100	Selling expenses	56,399	2	50,198	2
6200	Administrative expenses	89,121	4	91,546	5
6300	Research and development expenses	90,964	4	70,706	4
	Total operating expenses	236,484	10	212,450	11
6900	**Operating profit**	191,542	9	212,601	10
7000	**Non-operating income and expenses:**				
7020	Other gains and losses [Notes VI(II) & (XX)]	29,432	1	11,791	1
7050	Finance costs [Notes VI(XII), (XIII) & (XX)]	(11,976)	(1)	(15,144)	(1)
7100	Interest income [Notes VI(XX) & VII]	3,405	-	2,594	-
7230	Foreign exchange gain (loss) [Note VI(XXI)]	(17,535)	(1)	(26,009)	(1)
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(V)]	153,072	7	112,870	6
	Non-operating income and expenses, net	156,398	6	86,102	5
7900	**Net profit before income tax**	347,940	15	298,703	15
7950	**Less: Income tax expense** [Note VI(XV)]	41,573	2	37,088	2
	Net income for the period	306,367	13	261,615	13
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	(7,371)	-	8,178	-
	Total of items that may not be reclassified subsequently to profit or loss	(7,371)	-	8,178	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Financial statements translation differences of foreign operations	(7,523)	-	35,355	2
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	1,504	-	(7,071)	-
	Total of items that may be reclassified subsequently to profit or loss	(6,019)	-	28,284	2
8300	**Other comprehensive income, net of tax**	(13,390)	-	36,462	2
	Total comprehensive income for the year	**$ 292,977**	**13**	**298,077**	**15**
	Earnings per share (Unit: NT$) [Note VI(**XVII)**]				
9750	Basic earnings per share	**$ 3.49**		**3.10**	
9850	Diluted earnings per share	**$ 3.43**		**2.96**	

(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, 2021 and 2020

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 retained earnings**	**Total**	**Financial statements translation differences of foreign operations**	**Gains (losses) on equity instruments investment at fair value through other comprehensive income**	**Total**	**Total equity**
Balance as of January 1, 2020	$ 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 for the period	-	-	-	-	-	-	261,615	261,615	-	-	-	261,615
Other comprehensive income for the period	-	-	-	-	-	-	-	-	28,284	8,178	36,462	36,462
Total comprehensive income for the year	-	-	-	-	-	-	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 corporate 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
Net income for the period	-	-	-	-	-	-	306,367	306,367	-	-	-	306,367
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(6,019)	(7,371)	(13,390)	(13,390)
Total comprehensive income for the year	-	-	-	-	-	-	306,367	306,367	(6,019)	(7,371)	(13,390)	292,977
Earnings appropriation and distribution:												
Appropriation of legal reserve	-	-	-	-	26,161	-	(26,161)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(36,462)	36,462	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(169,012)	(169,012)	-	-	-	(169,012)
Conversion of convertible corporate bonds	44,287	-	44,287	204,395	-	-	-	-	-	-	-	248,682
Balance as of December 31, 2021	**$ 889,535**	**-**	**889,535**	**765,757**	**166,116**	**85,301**	**743,967**	**995,384**	**(92,490)**	**(6,201)**	**(98,691)**	**2,551,985**

(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, 2021 and 2020

Unit: NT$ thousand

		2021	2020
Cash flows from operating activities:			
Income before income tax for the period	$	347,940	298,703
Adjustments:			
Income and expenses having no effect on cash flows			
Depreciation		39,866	38,398
Amortization		5,071	4,445
Interest expense		11,976	15,144
Interest income		(3,405)	(2,594)
Dividend income		(23,246)	(3,012)
Share of corporate profit recognized under the equity method		(153,072)	(112,870)
Loss (gain) on disposal and retirement of property, plant and equipment		(3,058)	(3,450)
Unrealized sale profits between associates		4,524	4,700
Other net expenses having no effect on cash flows		-	3,315
Total income and expense items		(121,344)	(55,924)
Changes in operating assets and liabilities:			
Accounts receivable		(92,162)	(143,458)
Accounts receivable - related parties		(21,468)	1,599
Other accounts receivable - related parties		(6,261)	(6,874)
Inventories		(21,610)	(58,123)
Other operating assets		581	147
Accounts payable		(3,210)	7,102
Payables to related parties		26,596	46,534
Other operating liabilities		2,614	34,319
Total adjustments		(236,264)	(174,678)
Cash generated from operations		111,676	124,025
Interest received		2,153	5,039
Cash Dividends received		23,246	3,012
Interest paid		(10,806)	(10,240)
Income tax paid		(44,775)	(9,794)
Net cash generated from operating activities		81,494	112,042
Cash flows from investing activities:			
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)
Acquisition of investments accounted for under the equity method		(92,713)	(194,350)
Proceeds from purchases of property, plant and equipment		(19,459)	(4,959)
Disposal of property, plant and equipment		14	-
Decrease in other receivables - related parties		(81,385)	121,654
Acquisition of intangible assets		(100)	(3,843)
Increase in other financial assets		-	(556)
Increase in other non-current assets		(908)	(408)
Increase in prepayments for business facilities		(690)	(2,113)
Net cash used in investing activities		(195,241)	(90,575)
Cash flows from financing activities:			
Increase in short-term loans		531,000	380,000
Repayment of short-term loans		(90,000)	(353,215)
Increase in long-term loans		10,000	-
Repayment for bonds due		(1,100)	(1,300)
Repayment of lease principal		(9,459)	(9,043)
Cash dividends paid		(169,012)	(84,525)
Net cash flows generated from (used in) financing activities		271,429	(68,083)
Increase (decrease) in cash and cash equivalents		157,682	(46,616)
Cash and cash equivalents, beginning of the year		406,447	453,063
Cash and cash equivalents, end of the year	**$**	**564,129**	**406,447**

(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.

Notes to Parent Company Only Financial Statements

2021 and 2020

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

I. History and Organization

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 10, 2022, by the Board of Directors.

III. Application of New Standards, Amendments and Interpretations

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

Since January 1, 2021, 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 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"
- Amendment to IFRS 16 "COVID-19-related Rent Concessions After June 30, 2021"

(II) 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, 2022, do not have a material impact on the parent company only financial statements.

- Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"
- Annual Improvements to IFRSs 2018-2020 cycle
- Amendment to IFRS 3 "Reference to the Conceptual Framework"

(III) Newly issued and amended standards and interpretations yet to be 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**
Amendment to IAS 1 "Disclosure of Accounting Policies"	The Amendments to IAS 1 include: · A Company is now required to disclose its material accounting policy information instead of its significant accounting policies; · Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed; · Not all accounting policy information that relates to material transactions, other events or conditions is material to the Company's financial statements.	January 1, 2023

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
- Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

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.

(I) 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."

(II) 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.

(III) 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.

(IV) 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.

(V) 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.

(VI) 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 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 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 theextent 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 stocks

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 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.

(VII) 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.

(VIII) Investments in associates

Associates refer to those over which the Company has significant influence over its financial and operating policies without control or joint control.

The Company adopts the equity method to deal with the interests of associates. 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 parent company only financial statements include the parent company only 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 parent company only company, from the date that significant influence commences until the date that significant influence ceases. When changes in the equity other than profit or loss and other comprehensive income incur to associates that does not affect the Company's shareholding ratio, the Company will recognize the changes in equity attributable to the Company's share of the associates as capital reserve based on the shareholding ratio.

Unrealized profits resulting from the transaction between the Company and associates shall be recognized in the financial statements only to the extent unrelated to the investor's interests in associates. When the 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.

(IX) 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.

(X) 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 equipment： 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.

(XI) 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.

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.

(XII) 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) Royalty fees: 12 years

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

(XIII) 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.

(XIV) Revenue recognition

Revenue is measured based on the consideration to which the consolidated 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.

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) Earnings per Share (EPS)

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.

(XX) 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. The aforementioned uncertainties of assumption and estimation have a significant risk of causing a material adjustment to the asset's carrying amount in the next fiscal year, and it has already reflected the impact of the Coronavirus disease (COVID-19) pandemic. Please refer to note VI(IV) 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 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 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:

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

(II) 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).

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

(IV)

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 (XXI) of the financial instruments.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

		2021.12.31	2020.12.31
Cash and demand deposit	$	477,187	362,799
Time deposits		86,942	43,648
Cash and cash equivalents	**$**	**564,129**	**406,447**

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.

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

1. Current:

		2021.12.31	2020.12.31
Domestic listed stocks	**$**	**138,239**	**138,474**

2. Non-current:

		2021.12.31	2020.12.31
Domestic and foreign unlisted common stocks			
Foxfortune Technology Ventures Limited	$	37,132	52,996
Inpaq Korea Co., Ltd.		1,827	1,418
Element I Venture Capital Co., Ltd.		17,895	16,259
Kuan Kun Electronic Enterprise Co., Ltd.		61,234	57,725
AICP Technology Corporation		1,143	1,582
Yuanxin Semiconductor Co., Limited		10,576	6,964
	$	**129,807**	**136,944**

Information on major foreign currency equity investments as of the reporting date is as follows:

	2021.12.31			2020.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
USD	$ 1,017	27.68	28,151	1,017	28.48	28,964

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 recognized dividend income of NT$23,246 thousand and NT$3,012 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the years ended December 31, 2021 and 2020, respectively.

(III) Accounts receivable (including related parties)

	2021.12.31	2020.12.31	2020.1.1
Accounts receivable	$ 888,260	796,098	652,640
Accounts receivable - related parties	52,152	30,684	32,283
	$ 940,412	**826,782**	**684,923**

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:

	2021.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	$ 921,871	0%	-
Past due 1-90 days	18,342	0%	-
Past due more than 91 days	199	0%	-
Total	**$ 940,412**		-

	2020.12.31		
	Carrying amount of accounts receivable (including related parties)	**Ratio of loss on lifetime expected credit**	**Allowance of lifetime expected credit loss**
Not past due	**$ 826,782**	0%	-

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, 2021 and 2020, respectively.

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

(IV) Inventories, net

	2021.12.31	2020.12.31
Raw materials	$ 21,742	14,271
Work in process and semi-finished products	4,269	8,855
Finished goods and commodity	184,746	166,021
	$ 210,757	**189,147**

The details of operating costs were as follows:

	2021	2020
Cost of goods sold	$ 1,897,883	1,583,203
Loss on market value decline and obsolete and slow-moving inventories	-	-
	$ 1,897,883	**1,583,203**

(V) Investments accounted for under the equity method

Investments of the Company under equity method at reporting date are listed below:

	2021.12.31	2020.12.31
Subsidiary	$ 2,186,495	1,985,178
Associate	35,464	-
	$ 2,221,959	**1,985,178**

1. Subsidiary

   The Company invested NT$41,841 thousand and NT$13,872 thousand in Apaq Technology (Hubei) Co., Ltd. in August and December, 2021, respectively. Please refer to the consolidated financial statements of 2021 for relevant information.

   The Company's share in profits and losses:

	2021	2020
Subsidiary	**$ 154,608**	**112,870**

2. Associate

   The summary of financial information of the Company's associates accounted for under the equity method and individually insignificant is as follows and the amount is included in the financial statements of the Company:

	2021.12.31
The carrying amount of equity of individually immaterial associates at end of period	**$ 35,464**

	2021
Share attributable to the Company	

Net income for the period	**$ (1,536)**

The Company invested NT$30,000 thousand in AiPAQ Technology Co., Ltd. in January 2021 to obtain a 30% equity interest and thus obtained significant influence on the company.

The Company invested NT$7,000 thousand in JDX Enterprise Co., Ltd. from July to September 2021 to obtain a 45% equity interest and thus obtained significant influence on the Company. The Company is the single largest shareholder of this company, but the Company does not hold more than half of the voting rights out of the attendance rate of this company's shareholders meeting, and the main manager of this company is not appointed by the Company, which shows that the Company has no actual ability to direct relevant activities. Therefore, it is judged that it has no control over this company, recognized as an investment accounted for under the equity method.

(VI) Property, plant and equipment

	Machinery and equipment	Other equipment and others	Construction in progress and equipment to be tested	Total
Cost:				
Balance as of January 1, 2021	$ 144,757	49,452	-	194,209
Additions	5,597	10,462	8,334	24,393
Disposals and obsolescence	(2,387)	(87)	-	(2,474)
Balance as of December 31, 2021	$ 147,967	59,827	8,334	216,128
Balance as of January 1, 2020	$ 143,128	39,820	5,770	188,718
Additions	1,395	3,964	354	5,713
Disposals and obsolescence	(120)	(102)	-	(222)
Reclassifications	354	5,770	(6,124)	-
Balance as of December 31, 2020	$ 144,757	49,452	-	194,209
Depreciation:				
Balance as of January 1, 2021	$ 70,126	30,451	-	100,577
Depreciation for the period	21,994	8,396	-	30,390
Disposals and obsolescence	(2,387)	(87)	-	(2,474)
Balance as of December 31, 2021	**$ 89,733**	**38,760**	**-**	**128,493**
Balance as of January 1, 2020	$ 48,478	23,124	-	71,602
Depreciation for the 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**
Carrying Amount:				
December 31, 2021	**$ 58,234**	**21,067**	**8,334**	**87,635**
January 1, 2020	**$ 94,650**	**16,696**	**5,770**	**117,116**
December 31, 2020	**$ 74,631**	**19,001**	**-**	**93,632**

(VII) Right-of-use assets

	Buildings	Transportation equipment	Total
Cost of right-of-use assets:			
Balance as of January 1, 2021	$ 39,940	1,082	41,022

Additions	474	1,689	2,163
Deduction	(474)	(1,204)	(1,678)
Balance as of December 31, 2021	**$ 39,940**	**1,567**	**41,507**
Balance as of January 1, 2020	$ 24,497	1,082	25,579
Additions	15,974	-	15,974
Deduction	(531)	-	(531)
Balance as of December 31, 2020	**$ 39,940**	**1,082**	**41,022**
Depreciation of right-of-use assets:			
Balance as of January 1, 2021	$ 13,529	966	14,495
Depreciation for the period	8,976	500	9,476
Deduction	(474)	(1,204)	(1,678)
Balance as of December 31, 2021	**$ 22,031**	**262**	**22,293**
Balance as of January 1, 2020	**$ 5,342**	**483**	**5,825**
Depreciation for the period	**8,718**	**483**	**9,201**
Deduction	**(531)**	**-**	**(531)**
Balance as of December 31, 2020	**$ 13,529**	**966**	**14,495**
Carrying amount of right-of-use assets:			
December 31, 2021	**$ 17,909**	**1,305**	**19,214**
January 1, 2020	**$ 19,155**	**599**	**19,754**
December 31, 2020	**$ 26,411**	**116**	**26,527**

(VIII) Other financial assets - current and non-current

	2021.12.31	2020.12.31
Business tax credit	$ 1,625	4,931
Prepaid expenses	4,890	2,212
Prepayments for business facilities deposit	690	2,113
Deferred expenses	2,473	1,565
Prepayments for goods and others	403	354
	$ 10,081	**11,175**

(IX) Intangible assets

		Computer software	Royalty fees	Total
Cost:				
Balance as of January 1, 2021	$	7,395	45,038	52,433
Separate acquisition		100	-	100
Balance as of December 31, 2021	**$**	**7,495**	**45,038**	**52,533**
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**
Amortization:				
Balance as of January 1, 2021	$	4,164	11,885	16,049
Amortization for the period		1,318	3,753	5,071
Balance as of December 31, 2021	**$**	**5,482**	**15,638**	**21,120**
Balance as of January 1, 2020	**$**	**3,472**	**8,132**	**11,604**
Amortization for the period		**692**	**3,753**	**4,445**
Balance as of December 31, 2020	**$**	**4,164**	**11,885**	**16,049**
Carrying Amount:				
December 31, 2021	**$**	**2,013**	**29,400**	**31,413**
January 1, 2020	**$**	**80**	**36,906**	**36,986**
December 31, 2020	**$**	**3,231**	**33,153**	**36,384**

(X) Short-term loans

		2021.12.31	2020.12.31
Unsecured bank loans	**$**	**1,306,000**	**865,000**
Unused limit	**$**	**457,040**	**721,320**
Interest rate range		**0.88%~ 1.1%**	**0.88%~ 1.03%**

(XI) Long-term loans

		2021.12.31
Unsecured bank loans	$	10,000
Less: Due within one year		-
	$	**10,000**
Unused limit	**$**	**790,000**
Interest rate range		**1.31978%**

(XII) 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
Total amount of issuing convertible corporate bonds	300,000
Less: Unamortized payable corporate bond discount	-
Less: Accumulated converted ordinary shares	(298,700)
Less: Repayment upon maturity	(1,300)
Balance of bonds payable at the end of the period	-

	2020
Interest expense	3

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.

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

		2021.12.31	2020.12.31
Total amount of issuing convertible corporate bonds	$	250,000	250,000
Less: Unamortized payable corporate bond discount		-	(1,324)
Less: Accumulated converted ordinary shares		(248,900)	-
Less: Long-term liabilities due within one year		-	(248,676)
Less: Repayment upon maturity		(1,100)	-
Balance of bonds payable at the end of the period	**$**	**-**	**-**

		2021	2020
Interest expense	**$**	**1,107**	**5,253**

The Company's second unsecured convertible corporate bonds will be matured on April 27, 2021, and the TPEx trading was terminated on the business day following the maturity date. According to Article 6 of the relevant issuance and conversion regulations, the Company will repay the converted corporate bonds in cash at a time according to the remaining bond denomination.

The conversion prices were NT$56.2 on April 27, 2021 (maturity date) and December 31, 2020, respectively.

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%.

Please refer to Note VI(XVI) for the second unsecured conversion of corporate bonds into ordinary shares for the years ended December 31, 2021 and 2020, respectively.

(XIII) Lease liabilities

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

	2021.12.31	2020.12.31
Current	$ 7,985	9,001
Non-current	$ 11,502	17,782

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

	2021	2020
Interest expense of lease liabilities	$ 271	350

The amounts recognized in the statements of cash flows are:

	2021	2020
Total cash outflow for lease	$ 9,730	9,393

Leasing of houses and buildings

The Company leased houses and buildings as office premises and factory buildings on December 31, 2021 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.

(XIV) 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$4,238 thousand and NT$3,560 thousand for the years ended December 31, 2021 and 2020, respectively, and were contributed to the Bureau of Labor Insurance.

(XV) Income Tax

1. Income tax expense

   The amount of the Company's income tax expenses for the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Current income tax expense (benefit)		
Current income tax expenses	$ 53,870	35,292
Current income tax from adjustment of prior period	(5,259)	-
	48,611	35,292
Deferred income tax expense (benefit)		

	2021	2020
Origination and reversal of temporary differences	(7,038)	1,796
Current income tax expenses	**$ 41,573**	**37,088**

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

	2021	2020
Exchange differences on translation of foreign operations	**1,504**	**(7,071)**

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

	2021	2020
Net profit before income tax	$ 347,940	298,703
Income tax at the Company's domestic tax rate	69,588	59,741
Share of unrecognized income from investment in foreign subsidiaries	(30,571)	(26,250)
Additional tax on undistributed earnings	3,322	-
Permanent difference and others	4,493	3,597
Over-estimated amount and others	(5,259)	-
Total	**$ 41,573**	**37,088**

4. Deferred tax assets and liabilities

As of December 31, 2021 and 2020, 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:

	2021.12.31	2020.12.31
Undistributed earnings from subsidiaries	**$ 772,759**	**617,381**
Unrecognized deferred tax liabilities	**$ (154,552)**	**(123,476)**

5. Recognized deferred tax assets (liabilities)

Deferred income tax assets

	2020.1.1	Recognized in profit or loss	Recognized in other comprehensive income	2020.12.31	Recognized in profit or loss	Recognized in other comprehensive income	2021.12.31
Loss for market price decline and obsolete and slow-moving inventories	$ 719	-	-	719	-	-	719
Unrealized expenses	19,068	(5,622)	-	13,446	7,827	-	21,273
Unrealized profit between associates	2,833	3,926	-	6,759	(55)	-	6,704
Financial statements translation differences of foreign operations	26,951	-	(7,071)	19,880	-	1,504	21,384
Unrealized exchange loss	4,689	(12)	-	4,677	(645)	-	4,032
Others	466	(88)	-	378	(89)	-	289
	$ 54,726	**(1,796)**	**(7,071)**	**45,859**	**7,038**	**1,504**	**54,401**

6. The ROC income tax authorities have examined the Company's income tax returns through 2019.

(XVI) Capital and other equity

1. Share capital

As of December 31, 2021 and 2020, 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$889,535 thousand and NT$845,248 thousand, respectively at NT$10 per share.

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

	Ordinary shares	
	2021	**2020**
Balance as of January 1	84,525	84,502
Conversion of convertible corporate bonds	4,429	23
Balance at December 31	**88,954**	**84,525**

The Company issued 4,429 thousand new shares of common stocks for the conversion of convertible corporate bonds for the period from January 1 to April 27, 2021 (maturity date) with the amount of NT$44,287 thousand, and has completed the statutory registration procedures.

The Company issued 23 thousand new shares of common stocks for the conversion of convertible corporate bonds from January 1, 2020 to March 1, 2020 (the maturity date), amounted to NT$237 thousand, and the statutory registration procedures are completed.

2. Capital surplus

		2021.12.31	2020.12.31
Share premium	$	320,766	320,766
Issuance of common stock for cash and retained employee compensation		7,852	7,852
Subscription right to corporate bonds		117	11,890
Treasury stock transactions		3,642	3,642
Premium from conversion of corporate bonds to common stocks		433,380	217,212
	$	**765,757**	**561,362**

In accordance with the Company Act, the capital surplus generated from the premium of stock issuance and donation may only be used to offset accumulated deficits. 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, 2021.

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 August 24, 2021 and June 17, 2020, respectively. Information on dividends appropriated to owners is as follows:

	2020		2019	
	Dividends per share	**Amount**	**Dividends per share**	**Amount**
Dividends distributed to owners of ordinary shares:				
Cash (NT$)	**$ 1.9**	**169,012**	**1**	**84,525**

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2021 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).

(XVII) Earnings per Share (EPS)

	2021	2020
Basic EPS:		
Net income attributable to the Company	**$ 306,367**	**261,615**
Weighted-average number of ordinary shares (in thousands)	**87,851**	**84,512**
Basic EPS (NT$)	**$ 3.49**	**3.10**
Diluted EPS:		
Net income attributable to the Company	$ 306,367	261,615
Post-tax interest on convertible corporate bonds	886	4,200
Net income attributable to share capital of common stocks	**$ 307,253**	**265,815**
Weighted-average number of ordinary shares (in thousands)	**87,851**	**84,512**
Effect of potential diluted ordinary shares:		
Employee compensation to be distributed in stocks	**623**	**698**
Convertible corporate bonds	**1,102**	**4,448**
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	**89,576**	**89,658**
Diluted EPS (NT$)	**$ 3.43**	**2.96**

(XVIII) Revenue of customer contract

	2021	2020
Revenues from major regional markets:		
China	$ 2,164,281	1,925,097
Taiwan	162,005	83,962
Other Countries	4,146	3,895
	$ 2,330,432	**2,012,954**
Major products		
Coiled conductive polymer solid state capacitors	$ 1,729,290	1,600,160
Chip-type conductive polymer solid state capacitors	500,133	324,641
Others	101,009	88,153
	$ 2,330,432	**2,012,954**

(XIX) 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, the profit shall first be used to offset against any deficit. 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$33,222 thousand and NT$28,528 thousand as employee compensation for the years ended December 31, 2021 and 2020, respectively, and NT$9,760 thousand as remuneration for Directors for the year ended December 31, 2021 as well as NT$8,391 thousand as remuneration for Directors ans Supervisors for the year ended December 31, 2020. 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 remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the 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, 2020 were NT$28,528 thousand and NT$8,391 thousand respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XX) Non-operating income and expenses

1. Interest income

		2021	2020
Interests on bank deposits	$	2,142	1,542
Other interest income		1,263	1,052
	$	**3,405**	**2,594**

2. Other gains and losses, net

		2021	2020
Subsidy income	$	-	3,728
Dividend income		23,246	3,012
Loss (gain) on disposal and retirement of property, plant and equipment		3,058	3,450
Others		3,128	1,601
	$	**29,432**	**11,791**

3. Finance costs

	2021	2020
Interest expenses of corporate bonds	$ 1,107	5,256
Interest expenses of loans	10,598	9,538
Interest expense of lease liabilities	271	350
	$ 11,976	**15,144**

(XXI) 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, 2021 and 2020, 53% and 56% 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(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(VI) 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, 2021					
Non-derivative financial liabilities					
Short-term loans	$ 1,306,000	1,307,603	1,307,603	-	-
Accounts payable (including related parties)	454,566	454,566	454,566	-	-
Payroll and bonus payable	88,640	88,640	88,640	-	-
Payables on equipment	6,175	6,175	6,175	-	-
Lease liabilities (including current and non-current)	19,487	19,786	4,457	3,707	11,622
Long-term loans	10,000	10,500	65	67	10,368
	$ 1,884,868	**1,887,270**	**1,861,506**	**3,774**	**21,990**
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	-	-
Payables 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**

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:

	2021.12.31			2020.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 47,962	27.68	1,327,588	36,987	28.48	1,053,390
RMB	64,870	4.3471	281,996	45,670	4.3648	199,340
Financial liabilities						
Monetary items						
USD	15,651	27.68	433,220	15,261	28.48	434,633
RMB	13,893	4.3471	60,394	8,592	4.3648	37,502

(2) Sensitivity analysis

The Company's exposure to foreign currency risk mainly arises from the foreign exchange gains and losses on cash, receivables, accounts payable, and other payables that are denominated in USD and RMB. Changes in net income for the years ended on December 31, 2021 and 2020 due to depreciation or appreciation of NTD against USD and RMB as of December 31, 2021 and 2020 with all other variables held constant were as follows:

	Range of the fluctuations	**2021**	**2020**
TWD exchange rate	1% depreciation against USD	**$ 7,155**	**4,950**
	1% appreciation against USD	**$ (7,155)**	**(4,950)**
	1% depreciation against RMB	**$ 1,773**	**1,295**
	1% appreciation against RMB	**$ (1,773)**	**(1,295)**

(3) Foreign exchange gains (losses) on monetary items

Due to the variety of the functional currencies of the Company's entities, the Company's foreign exchange losses (realized and unrealized) on monetary items are summarized as having amounted to NT$17,535,000 and NT$26,009,000 for the years ended December 31, 2021 and 2020, 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 variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. Changes in other comprehensive income for the three months ended March 31, 2021 and 2020 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	**2021**	**2020**
Annual interest rate	Increase of 1%	$ (10,528)	(6,920)
	Decrease of 1%	$ 10,528	6,920

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:

	2021		**2020**	
Securities price on reporting date	**Other comprehensive income, net of tax**	**Net income for the period**	**Other comprehensive income, net of tax**	**Net income for the period**
Increase of 1%	$ 2,680	-	2,754	-
Decrease of 1%	(2,680)	-	(2,754)	-

6. Fair value of financial instruments

(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:

	December 31, 2021				
		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	**$ 138,239**	**138,239**	**-**	**-**	**138,239**
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	**$ 129,807**	**-**	**-**	**129,807**	**129,807**

	December 31, 2020				
		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 corporate bonds payable (including bonds due within one year)	**$ 248,676**	**278,400**	**-**	**-**	**278,400**

(2) Valuation techniques for financial instruments not measured 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. When market value is unavailable, valuation method is adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

(3) Valuation techniques for financial instruments that are measured 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 assets at fair value through other comprehensive income - investments in equity instruments without an active market
Balance as of January 1, 2021	$ 136,944
Total gains or losses	
Recognized in other comprehensive income	(7,137)
Balance as of December 31, 2021	**$ 129,807**
Balance as of January 1, 2020	$ 117,349
New addition	8,000
Proceeds from capital reduction	(2,000)
Total gains or losses	
Recognized in other comprehensive income	13,595
Balance as of December 31, 2020	**$ 136,944**

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, 2021 and 2020, gains or losses of assets in the book amounted to gain of NT$14,808 thousand and NT$21,945 thousand, respectively.

(6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

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 inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - non-current (investments in equity instruments without an active market)	Net asset value method	● Net asset value ● Marketability discount (10% and 20% for December 31, 2021 and December 31, 2020)	● N/A ● The higher the marketability discount, the lower the fair value.

(XXII) 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, 2021 and 2020.

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) Exchange rate 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.

(XXIII) 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:

	2021.12.31	**2020.12.31**
Total liabilities	$ 1,955,153	1,727,403
Less: Cash and cash equivalents	(564,129)	(406,447)
Net liabilities	**$ 1,391,024**	**1,320,956**
Total equity	**$ 2,551,985**	**2,179,338**
Debt-to-capital ratio	**54.51%**	**60.61%**

(XXIV) Non-cash financing activities

The Company's non-cash investing and financing activities for the years ended December 31, 2021 and 2020 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 from financing activities was as follows:

				Non-cash changes		
		2021.1.1	**Cash flow**	**Change in Exchange fluctuations**	**Other changes**	**2021.12.31**
Short-term loans	$	865,000	441,000	-	-	1,306,000
Second issuance of convertible corporate bonds		248,676	(1,100)	-	(247,576)	-
Lease liabilities		26,783	(9,459)	-	2,163	19,487
Long-term loans		-	10,000	-	-	10,000
	$	**1,140,459**	**440,441**	**-**	**(245,413)**	**1,335,487**

				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**

VII. Related Party Transactions

(I) 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

(II) Significant transactions with related parties

1. Operating revenue

	2021	2020
Apaq Wuxi	**$ 124,491**	**93,419**

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, 2021 and 2020, the deferred unrealized gross profit due to sales was NT$11,172 thousand and NT$6,646 thousand, which was included in the investment deduction using the equity method.

2. Purchases

	2021	2020
Apaq Wuxi	**$ 1,845,092**	**1,555,794**

The purchase price from related parties is based on the general market price, and the payment days for general suppliers are 30 to 90 days based on the monthly statement, and 60 days for the related parties.

3. Receivables from related parties

Financial Statement Account	Category of related parties	2021.12.31	2020.12.31
Accounts receivable - related parties	Apaq Wuxi	**$ 52,152**	**30,684**

4. Payables to related parties

Financial Statement Account	Category of related parties	2021.12.31	2020.12.31
Payables to related parties	Apaq Wuxi	**$ 441,656**	**415,060**

5. Endorsements and guarantees

The Company's endorsement of the consolidated comprehensive amount of guarantees for subsidiaries with years ended on December 31, 2021 and 2020 was NT$387,520 thousand and NT$398,990 thousand, respectively.

6. Capital loans to related parties

Financial Statement Account	Category of related parties	2021.12.31	2020.12.31
Other Receivables - Related Parties	Apaq Hubei	**$ 84,287**	**-**

In 2021 and 2020, interest income generated from capital loans to subsidiaries was NT$1,253 thousand and NT$1,041 thousand, respectively.

7. Other transactions

As of December 31, 2021 and 2020, the unrealized benefits arising from the sale and purchase of fixed assets were NT$5,223 thousand and NT$8,266 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 were NT$2,529 thousand and NT$1,686 thousand for the years ended December 31, 2021 and 2020, respectively.

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, 2021 and 2020, was NT$10,277 thousand and NT$5,665 thousand, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

		2021	2020
Short-term employee benefits	$	36,428	36,485
Post-employment benefits		324	408
	$	**36,752**	**36,893**

VIII. Pledged Assets

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

Pledged Assets	Purpose of Pledge		2021.12.31	2020.12.31
Refundable deposits	Purchase guarantee, investment guarantee, etc.	**$**	**4,527**	**4,527**

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

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Other

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

Type \ Function	2021			2020		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary expense	15,973	137,114	153,087	10,540	127,253	137,793
Labor and health insurance expense	1,081	7,141	8,222	585	6,893	7,478
Pension expense	513	3,725	4,238	267	3,293	3,560
Remuneration to Directors	-	9,760	9,760	-	7,607	7,607
Other employee benefits expenses	953	5,541	6,494	647	5,283	5,930
Depreciation	13,233	26,633	39,866	25,835	12,563	38,398
Amortization	128	4,943	5,071	-	4,445	4,445

Additional information on the number of employees and expenses for employee benefits in 2021 and 2020 is as follows:

	2021	**2020**
Number of employees	**116**	**107**
Number of directors who do not serve as employees	**5**	**5**
Average employee benefit expenses	**$ 1,550**	**1,517**
Average employee salary expenses	**$ 1,379**	**1,351**
Adjustment of average employee salary expenses	**2.07%**	
Remuneration for Supervisor	**$ -**	**784**

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

(I) Significant transactions information

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	Subject	Related party	Maximum outstanding balance in current period	Ending balance	Amount Actually Drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Loss Allowance	Collateral		Limit on loans granted to a single party	Total limit on loans
													Name	Value		
0	The Company	Apaq Wuxi	Other accounts receivable - related parties	Yes	171,210	166,080	-	-	Business transaction	1,845,092		-		-	1,020,794	1,020,794
0	The Company	Apaq Hubei	Other accounts receivable - related parties	Yes	171,210	166,080	83,040	2.366%	Short-term financing	-	Business Needs of Subsidiary	-		-	1,020,794	1,020,794

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	Subject of endorsements/ guarantees		Limit on Endorsements/ Guarantees Provided for A Single Party	Maximum Balance of Endorsements/ Guarantees in Current Period	Endorsement and Guarantee Ending Balance	Amount Actually Drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of Accumulated Endorsements/ Guarantees to the Net Worth of the Most Recent Financial Statement	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	Relationship										
0	The Company	Apaq Wuxi	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	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 negotiable securities at the end of the period (excluding the part of invested affiliated companies, associates and joint ventures equity):

Name of Held Company	Type and name of securities	Relationship with the issuer of the securities	Financial statement item	End of the Period				Remarks
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income-current	4,710	138,239	4.64%	138,239	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	37,132	5.80%	37,132	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	1,827	10.73%	1,827	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,800	17,895	3.64%	17,895	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	3,770	61,234	5.39%	61,234	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income-non-current	240	1,143	3.20%	1,143	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	10,576	8.00%	10,576	

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 real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of individual real estate at prices of at least NT$300 million or 20% 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	Relationship	Transaction details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases/sales	Amount	Ratio of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Ratio to Total Notes/Accounts Receivable or Payable	
The Company	Apaq Wuxi	Subsidiary	Purchases	1,845,092	98 %	60 days from end of month	-	Note	441,656	97.00%	

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. The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount: None.

9. Trading in derivative instruments: Intangible assets [Note VI(XII)]

(II) Information on reinvestment:

The information on investees is as follows (excluding investees in Mainland China):

Name of Investor	Name of investees	Primary Business	Primary business activities	Original Investment Amount		Shares held at the end of the period			Current Income (Loss) of the Investee	Investment Profit or Loss Recognized in the Current Period	Remarks
				End of the period	End of last year	Shares	Ratio	Carrying amount			
The Company	APAQ Samoa	Samoa	Holding company	1,377,960	1,377,960	44,504	100.00%	1,966,591	123,943	125,653	Subsidiary(Note)
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	-	3,000	30.00%	29,437	(1,876)	(563)	Associate
The Company	JDX Enterprise	Taiwan	Production and sales of electronic components, etc.	7,000	-	700	45.16%	6,027	(2,155)	(973)	Associate

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

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Name of Investee in Mainland China	Primary business activities	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	Current 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	Remarks
					Outward Remittance (Note 4)	Recovery							
Apaq Wuxi	Production and sales of electronic components, etc.	1,203,719 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	128,881	100.00%	128,881 Note 3	1,946,200	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	43,471 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	5,266	35.00%	2,566 Note 3	47,611	-	
Apaq Hubei	Production and sales of electronic components, etc.	179,026 (USD5,500 thousand)	Note 2	120,550 (USD 4,000 thousand)	55,713	-	176,263 (USD 6,000 thousand)	28,955	100.00%	28,955 Note 3	236,297	-	

2. Limits of 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 MOEAIC
1,514,274 (USD45,700 thousand and RMB9,800 thousand)	1,624,994 (USD 51,700 thousand and RMB 9,800 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 51,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of December 31, 2021, there was still an approved investment amount of US$4,000 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. Substantial 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, 2021.

(IV) Information on major shareholders:

Unit: Shares

Shareholding / Name of Major Shareholder	No. of Shares Held	Shareholding %
Huacheng Venture Capital Co., Ltd.	10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.	6,139,000	6.90%
Prosperity Dielectrics Co., Ltd.	5,280,000	5.93%
INPAQ Technology Co., Ltd.	4,776,329	5.36%
Walton Advanced Engineering, Inc.	4,591,000	5.16%

Note: The information on 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. Operating segment information

Please refer to the 2021 consolidated financial statements for details.

XIV. Department Information

Please refer to the consolidated financial report for 2021.

VI. For the most recent year and up to the date of publication of the annual report, the impact of difficult financial turnover suffered by the Company and its affiliated companies on the Company’s financial status: none

Chapter 7. Review, Analysis and Risks of Financial Status and Performance

I. Comparative Analysis Sheet of Financial Status (Consolidated)

Unit: NTD thousand

Year / Item	2021		2020		Difference	
	Amount	%	Amount	%	Amount	%
Current assets	2,869,715	62	2,482,274	61	387,441	16
Real property, plant, and equipment	1,330,505	29	1,183,327	30	147,178	12
Intangible assets	31,697	1	36,796	1	(5,099)	(14)
Other assets	369,904	8	334,200	8	35,704	11
Total asset value	4,601,821	100	4,036,597	100	565,224	14
Current liabilities	2,028,334	44	1,839,477	46	188,857	10
Non-current liabilities	21,502	-	17,782	-	3,720	21
Total liabilities	2,049,836	44	1,857,259	46	192,577	10
Share capital	889,535	19	845,248	21	44,287	5
Capital surplus	765,757	17	561,362	14	204,395	36
Retained earnings	995,384	22	858,029	21	137,355	16
Other equities	(98,691)	(2)	(85,301)	(2)	(13,390)	16
Treasury stock	0	0	0	0	0	0
Total shareholder equity	2,551,985	56	2,179,338	54	372,647	17

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):

Capital reserve: mainly due to the conversion of convertible corporate bonds in 2021.

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	2021		2020		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Net Operating Revenue	2,822,408	100	2,384,625	100	437,783	18
Operating costs	2,075,546	74	1,701,353	71	374,193	22
Gross profit	746,862	26	683,272	29	63,590	9
Operating expenses	344,391	12	296,374	12	48,017	16
Operating profit	402,471	14	386,898	17	15,573	4
Non-operating income and net expenses	(250)	0	(41,474)	(2)	41,224	99
Profit before income tax	402,221	14	345,424	15	56,797	16
Income tax expenses	95,854	3	83,809	4	12,045	14
Net profit in this period	306,367	11	261,615	11	44,752	17

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. Operating costs: In 2021, the market demand for MB & VGA & NB/Chromebook was stable, and shipments of DIP/Vchip/CAP products increased. In addition, the epidemic in Malaysia severely affected Japanese E-CAPs. A large number of important NB customers switched to solid-state Vchips, with increase in shipments.
2. Non-operating income and net expenses: Mainly due to losses on foreign currency exchange because of the dollar depreciation in 2020.

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) Analysis and explanation of change in cash flow in the most recent year

Unit: NTD thousand

Item \ Year	2021	2020	Change, by Amount
Net cash flow from operating activities	253,154	351,063	(97,909)
Net cash flow from investment activities	(378,710)	(219,958)	(158,752)
Net cash flow from financing activities	271,429	(154,104)	425,533

Analysis of increase and decrease:

(1) Business activities: It is mainly caused by the large market demand and the increase of inventory stocking due to the impact of COVID-19 in 2020.

(II) Investment activities: Mainly due to the decrease in expenditures for real property, plant and equipment in 2021.

(III) Finance activities: Mainly due to less repayment for short-term loans in 2021.

(II) Improvement plan for insufficient cash liquidity: None.

(III) Cash liquidity analysis for the following year:

Unit: NTD thousand

Opening cash balance (A)	Annual net cash flow from operating activities (B)	Annual cash outflow (C)	Estimated cash balance (Inadequacy) (A) + (B) - (C)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financing plan
828,178	326,963	(238,849)	916,292	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$125,653,000 return on investment was generated by recognition of the Company to the subsidiary APAQ Investments Limited under the equity method at the end of 2021.

(2) NT$28,955,000 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 2021.

(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 96.48% and 94.26% 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	2021	2020
Exchange gain (loss)	(34,558)	(68,138)
Net operating revenue	2,822,408	2,384,625
Percentage of exchange gain (loss) accounting for revenue	-1.22%	-2.86%

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, 2021 Unit: NTD thousand

No.	Name of Endorsement/Guarantee Provider	Subject of endorsements/guarantees		Limit on endorsements/guarantees for single endorsee/guarantee	Highest balance to limit for this period	Endorsement and Guarantee Ending Balance	Amount Actually Drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsements/Guarantees to the Net Worth of the Most Recent Financial Statement	Overall limit on endorsement/guarantee	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	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,551,985	199,745	193,760	-	-	7.59%	2,551,985	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 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:

Thursday, December 31, 2021 Unit: NTD thousand

No.	Lending Company	Borrower	Subject	Related party	Maximum outstanding balance in current period	Ending balance	Amount Actually Drawn	Interest rate range	Nature of loan	Business transaction amount	Reason for short-term financing	Loss Allowance		Collateral Name	Collateral Value	Limit on amount loaned to single party	Overall limit on amount of loan
0	The Company	APAQ Wuxi	Other accounts receivable - related parties	Yes	171,210	166,080	-	-	Business transaction	1,845,092	-	-		-	-	1,020,794	1,020,794
0	The Company	APAQ Hubei	Other accounts receivable - related parties	Yes	171,210	166,080	83,040	2.366%	Short-term financing	-	Subsidiary business needs	-		-	-	1,020,794	1,020,794

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) Policy on derivatives trading, main reasons for profit or loss and future countermeasures: 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. The unsecured convertible corporate bond was mature on April 27, 2021, so there is no such situation on December 31, 2021.

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 2022 is expected to continue to increase to about 3% 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. Effect on the Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) and Industrial Change, and Measures to Be Taken in Response

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.

In response to cyber security risks, the Company has established an information security management team to comprehensively improve cyber security protection capabilities.

During the past year up to the date of publication of this annual report, there has not been any instance where changes in technology (including the cyber security risks) 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.

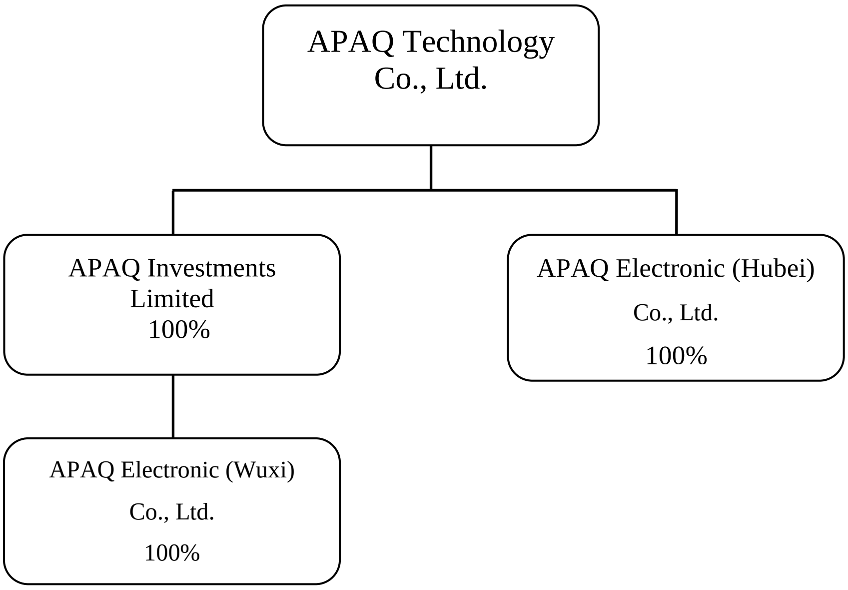
VII. Other matters: None

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	1,377,960	Holding company
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	176,293	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	Shareholding Ratio
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 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	Turnover	Operating profit (loss)	Gain (loss) during this period
APAQ Investments Limited.	1,377,960	1,996,011	12,247	1,983,764	0	(7,505)	123,943
APAQ Electronic (Wuxi) Co., Ltd.	1,203,113	2,623,951	677,750	1,946,201	2,485,187	180,318	128,881
APAQ Electronic (Hubei) Co., Ltd.	179,293	452,116	215,819	236,297	452,231	32,935	28,955

(III) Consolidated financial statements of affiliated companies: Please refer to #page 74 to 129# 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:

Date	Item
2021.02.25	Announcement of the approval of the 2020 consolidated financial statements upon resolution of the Company's Board of Directors
2021.02.25	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors
2021.02.25	Announcement of the Board of Directors' approval of the Company's revocation of the non-compete covenant for the managerial officers
2021.04.07	Announcement of the repayment upon maturity of the Company's second issue of domestic unsecured convertible corporate bond.
2021.05.07	Announcement of the submission to the Board of Directors of the Company's consolidated financial statements for the first quarter of 2021
2021.05.07	Announcement of dividend distribution upon resolution of the Company's Board of Directors
2021.05.21	Announcement The company postponed the holding of the regular shareholders' meeting originally scheduled on June 24, 2021 in accordance with the instructions of the FSC
2021.06.23	Announcement The company postponed the holding of the regular shareholders' meeting originally scheduled on June 24, 2021 in accordance with the instructions of the FSC (the date of distribution of supplementary souvenirs has been postponed)
2021.08.03	Announcement The Board of Directors of the Company resolved to change the date and place of the regular shareholders' meeting (according to the Relevant Measures for Postponing the Shareholders' Meeting of Public Companies in Response to the Epidemic Situation announced by the FSC)
2021.08.03	Announcement of the submission to the Board of Directors of the consolidated financial statements for the second quarter of 2021.
2021.08.03	Announcement of the increase in investment in APAQ Electronic (Hubei) Co., Ltd., in mainland China upon resolution of the Company's Board of Directors
2021.08.03	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.

Date	Item
2021.08.03	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.
2021.08.03	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.
2021.08.03	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 Making of Endorsements/Guarantees by Public Companies, Article 25, Paragraph 1, Subparagraphs 3 and 4.
2021.08.06	Announcement Supplementing some information of the Company's 2020 Annual Report
2021.08.24	Announcement of the important resolutions of at the Company's shareholders' meeting
2021.08.24	Announcement of the approval of the revocation of non-compete covenant for newly elected directors at the Company's 2021 annual shareholders' meeting
2021.08.26	Announcement of the base date for the Company's dividend distribution
2021.11.03	Announcement of the submission to the Board of Directors of the consolidated financial statements for the third quarter of 2021.
2021.12.06	Announcement of the participation of the Company upon invitation in the institutional investors' conference at the Grant Fortune Securities
2022.02.10	Announcement of the approval of the 2021 consolidated financial statements upon resolution of the Company's Board of Directors
2022.02.10	Announcement of dividend distribution upon resolution of the Company's Board of Directors
2022.02.10	Announcement of the Board of Directors' approval of the Company's change in spokespersons
2022.02.10	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors
2022.05.10	Board of Directors' approval of the Company's the issuance of new restricted employee shares
2022.05.10	Announcement of convening regular shareholders' meeting upon resolution of the Company's Board of Directors (additional agenda)
2022.05.10	Announcement of the approval of the consolidated financial statements for first quarter of 2022 upon resolution of the Company's Board of Directors

APAQ Technology Co., Ltd.

Representative: Tun-Jen Cheng

General Manager: Hsi-Tung Lin

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