

**APAQ TECHNOLOGY CO., LTD. and
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report**

**For the Three Months Ended March 31,
2021 and 2020**

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Taiwan (R.O.C.)**

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Notice to Reader

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

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Independent Auditors' Review Report

To the Board of Directors of APAQ TECHNOLOGY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and its subsidiaries (the "consolidated company") as of March 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard (IAS) 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission (FSC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion," we conducted our reviews in accordance with the Statement of Auditing Standards 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Since a review is substantially less in scope than an audit, we might not be fully aware of all material matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note VI(V) of the consolidated financial statements, investments accounted for under the equity method of APAQ TECHNOLOGY CO., LTD. and subsidiaries amounted to NT\$76,697 thousand and NT\$45,513 thousand as of March 31, 2021 and 2020, respectively. The share of corporate profit recognized under the equity method were NT\$1,031 thousand and NT\$281 thousand for the three months then ended, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by independent auditors.

Qualified Conclusion

Except for possible effects from financial statements of these investees mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of APAQ TECHNOLOGY CO., LTD. and its subsidiaries as of March 31, 2021 and 2020, and their consolidated financial performance and cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission.

KPMG Taiwan

Certified public accountant:

Securities Competent Authority (88)
Approval No.: : Taiwan-Finance-Securities-VI-18311
Jin-Guan-Zheng-Shen-Zi No.1040007866

May 7, 2021

**March 31, 2021 and 2020 Were Reviewed Only, Not Audited in Accordance with
the Generally Accepted Auditing Standards
APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2021, December 31 and March 31, 2020**

Unit: NT\$ thousand

Assets		2021.3.31		2020.12.31		2020.3.31		Liabilities and Equity		2021.3.31		2020.12.31		2020.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents [Note VI(I)]	\$ 737,809	18	683,514	17	767,180	22	2100	Short-term loans [Note VI(XI)]	\$ 955,000	23	865,000	21	901,800	26
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	186,516	5	138,474	4	125,522	4	2170	Accounts payable	340,760	8	430,730	11	223,634	6
1150	Notes receivable [Note VI(III)]	30,004	1	51,034	1	72,920	2	2180	Accounts payable - related parties [Note VII]	3,165	-	2,319	-	2,333	-
1170	Accounts receivable [Note VI(III)]	966,908	23	984,323	24	682,951	19	2201	Payroll and bonus payable	98,654	3	114,188	3	82,203	3
1180	Accounts receivable - related parties [Notes VI(III) & VII]	33,005	1	25,406	1	19,183	-	2213	Payable on equipment	37,331	1	24,001	1	13,237	-
1310	Inventories, net [Note VI(IV)]	514,410	12	544,367	13	375,859	10	2280	Lease liabilities - current [Note VI(XIII)]	8,849	-	9,001	-	9,074	-
1479	Other current assets [Note VI(IX)]	47,076	1	55,156	1	27,316	1	2320	Long-term liabilities due within one year [Note VI(XII)]	126,300	3	248,676	6	-	-
		<u>2,515,728</u>	<u>61</u>	<u>2,482,274</u>	<u>61</u>	<u>2,070,931</u>	<u>58</u>	2399	Other current liabilities	<u>138,859</u>	<u>3</u>	<u>145,562</u>	<u>4</u>	<u>85,484</u>	<u>2</u>
										<u>1,708,918</u>	<u>41</u>	<u>1,839,477</u>	<u>46</u>	<u>1,317,765</u>	<u>37</u>
Non-current assets:								Non-current liabilities:							
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	139,504	3	136,944	3	114,773	3	2530	Bonds payable [Note VI(XII)]	-	-	-	-	244,727	7
1550	Investments accounted for under the equity method [Note VI(V)]	76,697	2	45,737	1	45,513	1	2580	Lease liabilities - non-current [Note VI(XIII)]	15,585	1	17,782	-	24,136	1
1600	Property, plant and equipment [Note VI(VI)]	1,197,653	29	1,183,327	30	1,145,727	33			<u>15,585</u>	<u>1</u>	<u>17,782</u>	<u>-</u>	<u>268,863</u>	<u>8</u>
1840	Deferred income tax assets	47,910	1	45,859	1	56,764	2		Total Liabilities	<u>1,724,503</u>	<u>42</u>	<u>1,857,259</u>	<u>46</u>	<u>1,586,628</u>	<u>45</u>
1755	Right-of-use assets [Note VI(VII)]	35,137	1	37,627	1	44,088	1		Equity [Notes VI(XII) & (XVI)]:						
1780	Intangible assets [Note VI(X)]	35,596	1	36,796	1	37,048	1	3100	Share capital	867,258	21	845,248	21	845,248	23
1984	Other financial assets - non-current [Notes VI(VIII) & VIII]	26,239	1	26,351	1	25,852	1	3200	Capital surplus	662,834	16	561,362	14	561,362	16
1990	Other non-current assets [Note VI(IX)]	65,363	1	41,682	1	7,948	-	3300	Retained earnings	928,138	22	858,029	21	706,265	20
		<u>1,624,099</u>	<u>39</u>	<u>1,554,323</u>	<u>39</u>	<u>1,477,713</u>	<u>42</u>	3400	Other equity	<u>(42,906)</u>	<u>(1)</u>	<u>(85,301)</u>	<u>(2)</u>	<u>(150,859)</u>	<u>(4)</u>
									Total equity	<u>2,415,324</u>	<u>58</u>	<u>2,179,338</u>	<u>54</u>	<u>1,962,016</u>	<u>55</u>
Total assets		\$ 4,139,827	100	4,036,597	100	3,548,644	100	Total liabilities and equity		\$ 4,139,827	100	4,036,597	100	3,548,644	100

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

Reviewed Only, Not Audited in Accordance with
the Generally Accepted Auditing Standards in the Republic of China
APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020

Unit: NT\$ thousand

	January to March, 2021		January to March, 2020	
	Amount	%	Amount	%
4110 Operating revenue, net [Notes VI(XVIII) & VII]	\$ 654,687	100	398,514	100
5110 Operating costs [Notes VI(XIV), (XIX) & VII]	479,587	73	318,496	80
5900 Gross profit	<u>175,100</u>	<u>27</u>	<u>80,018</u>	<u>20</u>
6000 Operating expenses [Notes VI(XIV), (XIX) & VII]				
6100 Selling expenses	21,971	3	17,648	4
6200 Administrative expenses	39,050	6	31,361	8
6300 Research and development expenses	<u>25,091</u>	<u>4</u>	<u>14,578</u>	<u>4</u>
Total operating expenses	<u>86,112</u>	<u>13</u>	<u>63,587</u>	<u>16</u>
6900 Operating profit	<u>88,988</u>	<u>14</u>	<u>16,431</u>	<u>4</u>
7000 Non-operating income and expenses:				
7020 Other gains and losses [Notes VI(XX)]	4,695	1	13,800	3
7050 Finance costs [Notes VI(XII), (XIII) & (XX)]	(3,406)	-	(5,416)	(1)
7100 Interest income [Notes VI(XX)]	344	-	626	-
7230 Foreign exchange gain or loss, net [Note VI(XXI)]	1,883	-	6,399	2
7370 Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	<u>1,031</u>	<u>-</u>	<u>281</u>	<u>-</u>
Non-operating income and expenses, net	<u>4,547</u>	<u>1</u>	<u>15,690</u>	<u>4</u>
7900 Net profit before income tax	93,535	15	32,121	8
7950 Less: Income tax expense [Note VI(XV)]	<u>23,426</u>	<u>4</u>	<u>6,795</u>	<u>2</u>
Net income for the period	<u>70,109</u>	<u>11</u>	<u>25,326</u>	<u>6</u>
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	<u>50,602</u>	<u>8</u>	<u>(20,945)</u>	<u>(5)</u>
Total of items that may not be reclassified subsequently to profit or loss	<u>50,602</u>	<u>8</u>	<u>(20,945)</u>	<u>(5)</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Financial statements translation differences of foreign operations	(10,259)	(1)	(10,189)	(3)
8399 Less: Income tax related to items that may be reclassified [Note VI(XV)]	<u>(2,052)</u>	<u>-</u>	<u>(2,038)</u>	<u>(1)</u>
Total of items that may be reclassified subsequently to profit or loss	<u>(8,207)</u>	<u>(1)</u>	<u>(8,151)</u>	<u>(2)</u>
8300 Other comprehensive income, net of tax	<u>42,395</u>	<u>7</u>	<u>(29,096)</u>	<u>(7)</u>
Total comprehensive income	<u>\$ 112,504</u>	<u>18</u>	<u>(3,770)</u>	<u>(1)</u>
Earnings per share (Unit: NTS) [Note VI(XVII)]				
9750 Basic earnings per share	<u>\$ 0.82</u>		<u>0.30</u>	
9850 Diluted earnings per share	<u>\$ 0.79</u>		<u>0.29</u>	

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

Reviewed Only, Not Audited in Accordance with
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APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020

Unit: NT\$ thousand

	Share capital			Retained earnings				Other equity items			Total equity	
	Share capital - common stocks	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income		Total
Balance as of January 1, 2020	\$ 844,41	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	-	-	-	-	-	-	25,326	25,326	-	-	-	25,326
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(8,151)	(20,945)	(29,096)	(29,096)
Total comprehensive income	-	-	-	-	-	-	25,326	25,326	(8,151)	(20,945)	(29,096)	(3,770)
Conversion of convertible corporate bonds	-	237	237	562	-	-	-	-	-	-	-	799
Balance as of March 31, 2020	\$ 844,41	829	845,248	561,362	125,760	51,199	529,306	706,265	(122,906)	(27,953)	(150,859)	1,962,016
Balance as of January 1, 2021	\$ 845,24	-	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	-	-	-	-	-	-	70,109	70,109	-	-	-	70,109
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(8,207)	50,602	42,395	42,395
Total comprehensive income	-	-	-	-	-	-	70,109	70,109	(8,207)	50,602	42,395	112,504
Conversion of convertible corporate bonds	-	22,010	22,010	101,472	-	-	-	-	-	-	-	123,482
Balance as of March 31, 2021	\$ 845,24	22,010	867,258	662,834	139,955	121,763	666,420	928,138	(94,678)	51,772	(42,906)	2,415,324

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

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Reviewed Only, Not Audited in Accordance with
the Generally Accepted Auditing Standards in the Republic of China
APAQ TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended March 31, 2021 and 2020

Unit: NT\$ thousand

	January to March, 2021	January to March, 2020
Cash flows from operating activities:		
Income before income tax for the period	\$ 93,535	32,121
Adjustments:		
Income and expense items:		
Depreciation	51,350	52,270
Amortization	1,297	1,040
Interest expense	3,406	5,416
Interest income	(344)	(626)
Share of corporate profit recognized under the equity method	(1,031)	(281)
Loss on disposal and obsolescence of property, plant and equipment	406	19
Other net expenses having no effect on cash flows	-	152
Total income and expense items	55,084	57,990
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	26,861	118,715
Inventories	27,969	12,919
Other operating assets	7,849	3,054
Accounts payable (including related parties)	(86,194)	(84,951)
Other operating liabilities	(3,834)	(1,557)
Total adjustments	27,735	106,170
Cash generated from operations	121,270	138,291
Interest received	344	626
Interest paid	(2,219)	(3,537)
Income tax paid	(41,323)	(9,755)
Net cash generated from operating activities	78,072	125,625
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	(30,000)	-
Proceeds from purchases of property, plant and equipment	(41,098)	(26,573)
Acquisition of intangible assets	(100)	(830)
Increase in other non-current assets	(338)	(408)
Increase in prepayments for business facilities	(38,357)	-
Net cash used in investing activities	(109,893)	(27,811)
Cash flows from financing activities:		
Increase in short-term loans	90,000	25,000
Repayment of short-term loans	-	(50,000)
Repayment for bonds due	-	(1,300)
Repayment of lease principal	(2,349)	(2,024)
Net cash flows generated from (used in) financing activities	87,651	(28,324)
Effect of exchange rates on cash and cash equivalents	(1,535)	(3,263)
Increase in cash and cash equivalents	54,295	66,227
Cash and cash equivalents, beginning of the year	683,514	700,953
Cash and cash equivalents, end of the year	\$ 737,809	767,180

(See the attached notes to consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

**Reviewed Only, Not Audited in Accordance with
the Generally Accepted Auditing Standards in the Republic of China**

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2021 and 2020

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

I. Company History

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

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

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and issued on May 7, 2021, by the Board of Directors.

III. Application of New and Amended Standards 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.

- Amendment 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"

- (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 April 1, 2021, do not have a material impact on the consolidated financial statements.

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

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(III) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

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

New or amended standards	Major amendments	Effective Date Issued by IASB
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.	January 1, 2023
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments clarify that the costs incurred in fulfilling a contract should include the following costs that are directly related to the contract: <ul style="list-style-type: none"> • The incremental costs of fulfilling the contract - e.g., direct labor and raw materials; and • An allocation of other costs that relate directly to fulfilling the contracts - e.g., the allocation of depreciation expense of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

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

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
 IFRS 17 "Insurance Contracts" and Amendments to IAS 17
 Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"
 Annual Improvements to IFRSs 2018-2020 cycle-
 Amendment to IFRS 3 "Reference to the Conceptual Framework"
 Amendment to IAS 1 "Disclosure of Accounting Policies"
 Amendment to IAS 8 "Definition of Accounting Estimates"

IV. Summary of Significant Accounting Policies

(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 IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements did not contain all necessary information required in annual consolidated financial statements pursuant to IFRSs, IAS, IFRIC interpretations and SIC interpretations endorsed by the FSC (hereinafter referred to as "IFRSs endorsed by FSC").

Except for the following descriptions, the consolidated financial statements adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2020. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2020 for details.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership		
			2021.3.31	2020.12.31	2020.3.31
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%	100%
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd., (Apaq Wuxi)	Production and sales of electronic products	100%	100%	100%
The Company	Apaq Technology (Hubei) Co., Ltd., (Apaq Hubei)	Production and sales of electronic products	100%	100%	100%

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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

(III) Income Tax

The consolidated company measured and disclosed the income tax expenses of the interim period pursuant to Paragraph B12, IAS 34 “Interim Financial Reporting.”

Income tax expenses were accrued by applying management's best estimate of tax rate applicable based on expected total annual earnings to the pre-tax income of the interim period and fully recognized as income tax expense of the current period.

Income tax expenses recognized directly in equity or other comprehensive income were measured using the applicable tax rates at the time of expected realization or settlement of the temporary differences between the carrying amount of related assets and liabilities for financial reporting purposes and their tax bases.

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

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 "Interim Financial Reporting" 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.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the consolidated company's accounting policies are consistent with Note V of the consolidated financial statements for the year ended December 31, 2020.

VI. Details of Significant Accounts

Except for the following descriptions, the details of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2020. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2020 for relevant information.

(I) Cash and cash equivalents

	2021.3.31	2020.12.31	2020.3.31
Cash and demand deposit	\$ 694,385	639,866	724,520
Time deposits	43,424	43,648	42,660
Cash and cash equivalents	\$ 737,809	683,514	767,180

Please refer to Note VI(XXI) for disclosure of exchange rate risk of the financial assets and liabilities.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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

1. Current:

	2021.3.31	2020.12.31	2020.3.31
Domestic listed stocks	\$ 186,516	138,474	125,522

2. Non-current:

	2021.3.31	2020.12.31	2020.3.31
Domestic and foreign unlisted common stocks			
Foxfortune Technology Ventures Limited	\$ 52,531	52,996	40,288
Inpaq Korea Co., Ltd.	1,723	1,418	874
Element I Venture Capital Co., Ltd.	17,259	16,259	19,860
Kuan Kun Electronic Enterprise Co., Ltd.	59,391	57,725	49,247
AICP Technology Corporation	1,500	1,582	4,504
Yuanxin Semiconductor Co., Limited	7,100	6,964	-
	\$ 139,504	136,944	114,773

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

	2021.3.31			2020.12.31			2020.3.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	\$ 1,017	28.535	29,020	1,017	28.48	28,964	1,017	30.23	30,744

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.

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

	2021.3.31	2020.12.31	2020.3.31
Notes receivable	\$ 30,004	51,034	72,920
Accounts receivable	966,908	984,323	682,951
Accounts receivable - related parties	33,005	25,406	19,183
	\$ 1,029,917	1,060,763	775,054

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:

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

	2021.3.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 1,026,361	0%	-
Overdue for 1-90 days	3,556	0%	-
Total	\$ 1,029,917		-

	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%	-
Overdue for 1-90 days	2,151	0%	-
Total	\$ 1,060,763		-

	2020.3.31		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 771,749	0%	-
Overdue for 1-90 days	3,305	0%	-
Total	\$ 775,054		-

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the three months ended March 31, 2021 and 2020.

(IV) Inventories, net

	2021.3.31	2020.12.31	2020.3.31
Raw materials	\$ 212,835	194,351	149,200
Work in process and semi-finished products	64,879	61,212	59,994
Finished goods and commodity	236,696	288,804	166,665
	\$ 514,410	544,367	375,859

(V) Investments accounted for under the equity method

The consolidated company invested NTD30,000 thousand in AiPAQ Technology Co., Ltd. in January 2021 to obtain a 30% equity interest and thus obtained significant influence on the company.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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

	2021.3.31	2020.12.31	2020.3.31
The carrying amount of equity at the end of the period of individual non-significant associates	\$ 76,697	45,737	45,513

Share attributable to the consolidated company:

	January to March, 2021	January to March, 2020
Net income for the period	\$ 1,031	281
Other comprehensive income for the period	-	-
Total comprehensive income	\$ 1,031	281

The consolidated company's share of profit or loss and other comprehensive income of investments accounted for under the equity method is measured based on the financial statements not reviewed by the CPAs as it is not individually material.

(VI) Property, plant and equipment (PP&E)

	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
Addition	4,113	21,423	3,150	40,697	69,383
Disposals and obsolescence	-	(3,095)	(906)	-	(4,001)
Reclassification	8,860	28,891	68	(37,871)	(52)
Effect of Exchange Rate	(1,877)	(7,903)	(419)	(657)	(10,856)
Balance as of March 31, 2021	\$ 374,253	1,644,227	132,630	134,096	2,285,206
Balance as of January 1, 2020	\$ 353,940	1,489,109	114,134	52,619	2,009,802
Addition	-	2,556	2,292	22,458	27,306
Disposals and obsolescence	-	(120)	(173)	-	(293)
Reclassification	-	17,696	(11,529)	(6,319)	(152)
Effect of Exchange Rate	(2,593)	(10,472)	(427)	(695)	(14,187)
Balance as of March 31, 2020	\$ 351,347	1,498,769	104,297	68,063	2,022,476
Depreciation:					
Balance as of January 1, 2021	\$ 140,357	834,470	72,578	-	1,047,405
Depreciation for the period	6,569	36,806	5,543	-	48,918
Disposals and obsolescence	-	(2,797)	(798)	-	(3,595)
Effect of Exchange Rate	(723)	(4,232)	(220)	-	(5,175)
Balance as of March 31, 2021	\$ 146,203	864,247	77,103	-	1,087,553
Balance as of January 1, 2020	\$ 113,230	666,892	53,484	-	833,606
Depreciation for the period	6,240	39,835	4,014	-	50,089
Disposals and obsolescence	-	(120)	(154)	-	(274)
Effect of Exchange Rate	(934)	(5,481)	(257)	-	(6,672)
Balance as of March 31, 2020	\$ 118,536	701,126	57,087	-	876,749
Carrying Amount:					
January 1, 2021	\$ 222,800	770,441	58,159	131,927	1,183,327
March 31, 2021	\$ 228,050	779,980	55,527	134,096	1,197,653
March 31, 2020	\$ 232,811	797,643	47,210	68,063	1,145,727

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

(VII) Right-of-use assets

	<u>Land use rights</u>	<u>Buildings</u>	<u>Transport ation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2021	\$ 11,678	39,940	1,082	52,700
Effect of exchange rate changes	(60)	-	-	(60)
Balance as of March 31, 2021	<u>\$ 11,618</u>	<u>39,940</u>	<u>1,082</u>	<u>52,640</u>
Balance as of January 1, 2020	\$ 11,497	24,497	1,082	37,076
Addition	-	15,382	-	15,382
Effect of exchange rate changes	(83)	-	-	(83)
Balance as of March 31, 2020	<u>\$ 11,414</u>	<u>39,879</u>	<u>1,082</u>	<u>52,375</u>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2021	\$ 578	13,529	966	15,073
Provision for depreciation	72	2,244	116	2,432
Effect of exchange rate changes	(2)	-	-	(2)
Balance as of March 31, 2021	<u>\$ 648</u>	<u>15,773</u>	<u>1,082</u>	<u>17,503</u>
Balance as of January 1, 2020	\$ 284	5,342	483	6,109
Provision for depreciation	72	1,988	121	2,181
Effect of exchange rate changes	(3)	-	-	(3)
Balance as of March 31, 2020	<u>\$ 353</u>	<u>7,330</u>	<u>604</u>	<u>8,287</u>
Carrying Amount:				
January 1, 2021	<u>\$ 11,100</u>	<u>26,411</u>	<u>116</u>	<u>37,627</u>
March 31, 2021	<u>\$ 10,970</u>	<u>24,167</u>	<u>-</u>	<u>35,137</u>
March 31, 2020	<u>\$ 11,061</u>	<u>32,549</u>	<u>478</u>	<u>44,088</u>

(VIII) Other financial assets - non-current

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Refundable deposits	<u>\$ 26,239</u>	<u>26,351</u>	<u>25,852</u>

(IX) Other assets - current and non-current

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Prepayments for business facilities	\$ 53,499	30,104	5,632
Credits of business tax and incremental value tax	25,213	38,012	9,971
Prepaid expenses	29,282	24,971	17,029
Prepayments for goods and others	4,445	3,751	2,632
	<u>\$ 112,439</u>	<u>96,838</u>	<u>35,264</u>

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(X) Intangible assets

	<u>Computer software</u>	<u>Royalty fees</u>	<u>Total</u>
January 1, 2021	\$ 3,643	33,153	36,796
March 31, 2021	\$ 3,381	32,215	35,596
March 31, 2020	\$ 1,080	35,968	37,048

There were no material additions, disposals, provision or reversal of impairment where the consolidated company's intangible assets were concerned for the three months ended March 31, 2021 and 2020. Please refer to Note XII for amortization amount for the period and Note VI(X) of the consolidated financial statements for the year ended December 31, 2020 for other relevant information.

(XI) Short-term loans

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Unsecured bank loans	\$ 955,000	865,000	901,800
Unused limit	\$ 891,116	981,352	600,900
Interest rate range	0.88%~ <u>1.03%</u>	0.88%~ <u>1.03%</u>	1.07%~ <u>3.17628%</u>

(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:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Total amount of convertible corporate bonds issued	\$ 300,000	300,000	300,000
Less: accumulated converted ordinary shares	(298,700)	(298,700)	(298,700)
Less: Repayment upon maturity	(1,300)	(1,300)	(1,300)
Balance of bonds payable at the end of the period	<u>\$ -</u>	<u>-</u>	<u>-</u>
		<u>January to March, 2021</u>	<u>January to March, 2020</u>
Interest expense		<u>\$ -</u>	<u>3</u>

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.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

The conversion price of the first-time issuance of unsecured convertible corporate bonds was NT\$33.8 on March 31, 2020 (the maturity date).

Between January 1, 2020 to March 1, 2020 (maturity date), a nominal amount of NT\$799 thousand unsecured convertible corporate bonds were applied to be converted to 23 thousand common stocks. Net capital surplus increased by NT\$562 thousand due to the conversion.

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:

	2021.3.31	2020.12.31	2020.3.31
Total amount of convertible corporate bonds issued	\$ 250,000	250,000	250,000
Less: Unamortized bonds payable discount	-	(1,324)	(5,273)
Less: accumulated converted ordinary shares	(123,700)	-	-
Less: long-term liabilities due within one year	(126,300)	(248,676)	-
Balance of bonds payable at the end of the period	\$ -	-	244,727
	January to March, 2021	January to March, 2020	
Interest expense	\$ 1,107	1,304	

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 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 prices were NT\$56.2 and NT\$58.0 on March 31, 2021 and 2020, respectively.

For the three months ended March 31, 2021, a nominal amount of NT\$123,482 thousand unsecured convertible corporate bonds were applied to be converted to 2,201 thousand common stocks. Net capital surplus increased by NT\$101,472 thousand due to the conversion.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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 as of March 31, 2021, December 31 and March 31, 2020.-

(XIII) Lease liabilities

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

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current	\$ <u>8,849</u>	<u>9,001</u>	<u>9,074</u>
Non-current	\$ <u>15,585</u>	<u>17,782</u>	<u>24,136</u>

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

The amount recognized in profit or loss is as follows:

	<u>January to March, 2021</u>	<u>January to March, 2020</u>
Interest expense of lease liabilities	\$ <u>75</u>	<u>85</u>
Expense for leases of low-value assets	\$ <u>18</u>	<u>18</u>

The amounts recognized in the statements of cash flows are:

	<u>January to March, 2021</u>	<u>January to March, 2020</u>
Total cash outflow for lease	\$ <u>2,442</u>	<u>2,127</u>

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings as of March 31, 2021 and 2020 with the period of 1 to 5 years. Some leases include the option to extend for the same period when the lease expires.

Some of the above-mentioned leases include the option to extend. These leases are managed by each region, so the individual terms and conditions agreed are different within the consolidated company. These options are only enforceable by the consolidated company, not the lessor. Where it is not possible to reasonably determine that the optional lease extension will be exercised, the payment related to the period covered by the option is not included in the lease 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.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(XIV) Employee benefits

For pension expenses of the consolidated company for the three months ended March 31, 2021 and 2020, please refer to Note XII for details.

(XV) Income Tax

1. The amount of the consolidated company's income tax expenses was as follows:

	January to March, 2021	January to March, 2020
Current income tax expenses	<u>\$ 23,426</u>	<u>6,795</u>

2. The amount of income tax expenses (benefits) recognized by the consolidated company in other comprehensive income was as follows:

	January to March, 2021	January to March, 2020
Exchange differences on translation of foreign operations	<u>\$ (2,052)</u>	<u>(2,038)</u>

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

(XVI) Capital and other equity

Except for the following descriptions, there was no significant change in the capital and other equity of the consolidated company for the three months ended March 31, 2021 and 2020. Please refer to Note VI(XVI) of the consolidated financial statements for the year ended December 31, 2020 for details.

1. Share capital

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

	Ordinary shares	
	January to March, 2021	January to March, 2020
Balance as of January 1	84,525	84,502
Conversion of convertible corporate bonds	<u>2,201</u>	<u>23</u>
Balance as of March 31	<u>86,726</u>	<u>84,525</u>

The Company issued new shares for the conversion of convertible corporate bonds for the three months ended March 31, 2021. 2,201 new shares among them had not yet to complete the statutory registration procedures, and were recognized as capital collected in advance of NT\$22,010 thousand as of March 31, 2021.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

The Company issued 23 thousand new shares of common stocks for the conversion of convertible corporate bonds for the three months ended March 31, 2020 (the maturity date), amounted to NT\$237 thousand, and were recognized as capital collected in advance due to it had yet to complete the statutory registration procedures. As of December 31, 2020, the above-mentioned capital collected in advance has completed the related procedures and were transferred to Share capital - common stocks.

2. Capital surplus

	2021.3.31	2020.12.31	2020.3.31
Share premium	\$ 320,766	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852	7,852
Subscription right to corporate bonds	6,039	11,890	11,890
Treasury stock transactions	3,642	3,642	3,642
Premium from conversion of corporate bonds to common stocks	324,535	217,212	217,212
	\$ 662,834	561,362	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

The appropriation of earnings of the two most recent years were resolved in the Board of Directors' meeting held on May 7, 2021 and approved in the shareholders' meeting held on 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

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

The above 2019 appropriation of retained earnings is consistent with the resolutions approved by the Board of Directors. The 2020 appropriation of retained earnings is pending for a resolution at the shareholders' meeting. Information will be available at the Market Observation Post System (MOPS) after the meeting.

(XVII) Earnings per Share (EPS)

	<u>January to March, 2021</u>	<u>January to March, 2020</u>
Basic EPS:		
Net income attributable to the Company	<u>\$ 70,109</u>	<u>25,326</u>
Weighted average number of common stocks outstanding (in thousands of shares)	<u>85,210</u>	<u>84,523</u>
Basic EPS (NT\$)	<u>\$ 0.82</u>	<u>0.30</u>
Diluted EPS:		
Net income attributable to the Company	\$ 70,109	25,326
Post-tax interest on convertible corporate bonds	886	1,045
Net income attributable to share capital of common stocks	<u>\$ 70,995</u>	<u>26,371</u>
Weighted average number of common stocks outstanding (in thousands of shares)	85,210	84,523
Employee compensation to be distributed in stocks	431	884
Convertible corporate bonds	3,764	4,311
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	<u>89,405</u>	<u>89,718</u>
Diluted EPS (NT\$)	<u>\$ 0.79</u>	<u>0.29</u>

(XVIII) Revenue of customer contract

	<u>January to March, 2021</u>	<u>January to March, 2020</u>
Main geographical areas		
China	\$ 617,645	384,231
Taiwan	36,641	13,610
Other Countries	401	673
	<u>\$ 654,687</u>	<u>398,514</u>
Major products		
Coiled conductive polymer solid state capacitors	\$ 548,537	356,506
Chip-type conductive polymer solid state capacitors	106,150	42,008
	<u>\$ 654,687</u>	<u>398,514</u>

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(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, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The Company accrued NT\$8,450 thousand and NT\$3,015 thousand as employee compensation and NT\$2,485 thousand and NT\$887 thousand as remuneration for Directors for the three months ended March 31, 2021 and 2020, respectively. These amounts were calculated using the Company's income before income tax 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. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be 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

	January to March, 2021	January to March, 2020
Interests on bank deposits	\$ 340	625
Other interest income	4	1
	\$ 344	626

2. Other gains and losses, net

	January to March, 2021	January to March, 2020
Subsidy income	\$ 4,466	13,099
Gains (losses) on disposal of property, plant and equipment	(406)	(19)
Other	635	720
Other gains and losses, net	\$ 4,695	13,800

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

3. Finance costs

	January to March, 2021	January to March, 2020
Interest expenses of corporate bonds	\$ 1,107	1,307
Interest expenses of loans	2,224	4,024
Interest expense of lease liabilities	75	85
	\$ 3,406	5,416

(XXI) Financial instruments

Except for the following descriptions, there has been no significant changes in the fair value of the consolidated company's financial instruments and the exposure to credit risk, liquidity risk and market risk arising from the financial instruments. Please refer to Note VI(XXI) of the consolidated financial statements for relevant information.

1. Credit risk

(1) 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 of March 31, 2021, December 31 and March 31, 2020, 46%, 48%, and 50%, respectively, of the consolidated company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(2) 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 that period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) of the consolidated financial statements for the year ended December 31, 2020 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):

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

	<u>Carrying Amount</u>	<u>Contract Cash Flow</u>	<u>Less than 6 months</u>	<u>6-12 months-</u>	<u>More than 12 months</u>
March 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 955,000	956,424	956,424	-	-
Accounts payable (including related parties)	343,925	343,925	343,925	-	-
Payroll and bonus payable	98,654	98,654	98,654	-	-
Payable on equipment	37,331	37,331	37,331	-	-
Lease liabilities (including current and non-current)	24,434	24,895	4,592	4,492	15,811
	<u>\$ 1,459,344</u>	<u>1,461,229</u>	<u>1,440,926</u>	<u>4,492</u>	<u>15,811</u>

December 31, 2020					
Non-derivative financial liabilities					
Short-term loans	\$ 865,000	866,126	866,126	-	-
Accounts payable (including related parties)	433,049	433,049	433,049	-	-
Payroll and bonus payable	114,188	114,188	114,188	-	-
Payable on equipment	24,001	24,001	24,001	-	-
Lease liabilities (including current and non-current)	26,783	27,319	4,730	4,532	18,057
	<u>\$ 1,463,021</u>	<u>1,464,683</u>	<u>1,442,094</u>	<u>4,532</u>	<u>18,057</u>

March 31, 2020					
Non-derivative financial liabilities					
Short-term loans	\$ 901,800	903,303	903,303	-	-
Accounts payable (including related parties)	225,967	225,967	225,967	-	-
Payable on equipment	13,237	13,237	5,594	6,963	680
Lease liabilities (including current and non-current)	33,210	34,003	4,706	4,702	24,595
	<u>\$ 1,174,214</u>	<u>1,176,510</u>	<u>1,139,570</u>	<u>11,665</u>	<u>25,275</u>

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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:

	2021.3.31			2020.12.31			2020.3.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 41,201	28.535	1,175,671	40,494	28.48	1,153,269	36,335	30.225	1,098,225
RMB	55,332	4.3424	240,274	45,670	4.3648	199,340	36,742	4.266	156,741
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	2,524	28.535	72,022	1,638	28.48	46,650	8,585	30.225	259,482

(2) Sensitivity analysis

The consolidated 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 three months ended March 31, 2021 and 2020 due to depreciation or appreciation of NTD against USD and RMB as of March 31, 2021 and 2020 with all other variables held constant were as follows:

	<u>Fluctuation</u>	<u>January to March, 2021</u>	<u>January to March, 2020</u>
TWD exchange rate	1% depreciation against USD	<u>\$ 8,829</u>	<u>6,710</u>
	1% appreciation against USD	<u>\$ (8,829)</u>	<u>(6,710)</u>
TWD exchange rate	1% depreciation against RMB	<u>\$ 1,922</u>	<u>1,254</u>
	1% appreciation against RMB	<u>\$ (1,922)</u>	<u>(1,254)</u>

(3) Exchange gain/loss of monetary items

As the consolidated company has a large variety of functional currencies, the exchange gains and losses of monetary items were disclosed on an aggregated basis. The foreign exchange gains (including realized and unrealized) for the three months ended March 31, 2021 and 2020 were NT\$1,883 thousand and NT\$6,399 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.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments on the reporting date. For liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the three months ended March 31, 2021 and 2020 due to changes in interest rate with all other variables held constant were as follows:

	Fluctuation	January to March, 2021	January to March, 2020
Annual borrowing rate	Increase by 1%	<u>\$ (1,910)</u>	<u>(1,804)</u>
	Decrease by 1%	<u>\$ 1,910</u>	<u>1,804</u>

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:

	January to March, 2021		January to March, 2020	
Prices of securities at the 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 by 1%	\$ 3,260	-	2,403	-
Decrease by 1%	(3,260)	-	(2,403)	-

6. Fair value and information

(1) Type and fair value of financial instruments

The consolidated company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of financial assets and liabilities in each category (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 the lease liabilities were not required to be disclosed) were as follows:

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

2021.3.31					
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	\$ 186,516	186,516	-	-	186,516
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	\$ 139,504	-	-	139,504	139,504
Convertible corporate bonds payable (including bonds due within one year)	\$ 126,300	150,689	-	-	150,689
2020.12.31					
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
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
2020.3.31					
	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	\$ 125,522	125,522	-	-	125,522
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	\$ 114,773	-	-	114,773	114,773
Convertible corporate bonds payable (including bonds due within one year)	\$ 244,727	249,750	-	-	249,750

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

- (2) Fair value valuation technique of financial instruments not at fair value

The methods and assumptions adopted by the consolidated company for valuating instruments not at fair value were as follows:

For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. If market values are not available, valuation method would be adopted. Estimations and assumptions adopted in the valuation method are that to measure fair value at discounted cash flows.

- (3) Fair value valuation technique of financial instruments at fair value

The redemption rights of embedded derivatives are based on an appropriate option pricing model.

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

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

	Financial 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 profit and loss	2,560
Balance as of March 31, 2021	<u>\$ 139,504</u>
Balance as of January 1, 2020	\$ 117,349
Total gains or losses	
Recognized in other comprehensive profit and loss	(2,576)
Balance as of March 31, 2020	<u>\$ 114,773</u>

The aforementioned total gains or losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of March 31, 2021 and 2020, gains on assets amounted to NT\$24,504 thousand and NT\$5,773 thousand, respectively.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(6) Quantitative information for fair value measurement of significant unobservable inputs (level 3)

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

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income - non-current (investments in equity instruments without an active market)	Net asset value method	<ul style="list-style-type: none"> • Net asset value • Marketability discount (10% and 20% for March 31, 2021, December 31, 2020 and March 31, 2020) 	<ul style="list-style-type: none"> • N/A • The higher the marketability discount, the lower the fair value.
Financial assets at fair value through other comprehensive income - non-current (investments in equity instruments without an active market)	Market approach	<ul style="list-style-type: none"> • Price-book ratio (3.39 for March 31, 2020) • Marketability discount (25% for March 31, 2020) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value. • The higher the marketability discount, the lower the fair value.

(XXII) Financial risk management

There were no significant changes in the objectives and policies of the consolidated company's financial risk management comparing to those disclosed in Note VI(XXII) of the consolidated financial statements for the year ended December 31, 2020.

(XXIII) Capital management

The consolidated company's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2020. In addition, there were no significant changes in the aggregate quantitative information of capital management items comparing to the information disclosed in the consolidated financial statements for the year ended December 31, 2020. For relevant information, please refer to Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2020.

(XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the three months ended March 31, 2021 and 2020 were as follows:

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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:

	<u>2021.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2021.3.31</u>
			<u>Change in exchange rate</u>	<u>Other changes</u>	
Short-term loans	\$ 865,000	90,000	-	-	955,000
Second issuance of convertible corporate bonds	248,676	-	-	(122,376)	126,300
Lease liabilities	<u>26,783</u>	<u>(2,349)</u>	<u>-</u>	<u>-</u>	<u>24,434</u>
	<u>\$ 1,140,459</u>	<u>87,651</u>	<u>-</u>	<u>(122,376)</u>	<u>1,105,734</u>

	<u>2020.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2020.3.31</u>
			<u>Change in exchange rate</u>	<u>Other changes</u>	
Short-term loans	\$ 924,840	(25,000)	1,960	-	901,800
First issuance of convertible corporate bonds	2,095	(1,300)	-	(795)	-
Second issuance of convertible corporate bonds	243,423	-	-	1,304	244,727
Lease liabilities	<u>19,852</u>	<u>(2,024)</u>	<u>-</u>	<u>15,382</u>	<u>33,210</u>
	<u>\$ 1,190,210</u>	<u>(28,324)</u>	<u>1,960</u>	<u>15,891</u>	<u>1,179,737</u>

VII. Related Party Transactions

(I) Related parties' name and relationships

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

(II) Significant transactions with related parties

1. Operating revenue

	<u>January to March, 2021</u>	<u>January to March, 2020</u>
Shenzhen Gather Electronics Science Co., Ltd.	<u>\$ 11,883</u>	<u>7,532</u>

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

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

2. Purchases

	January to March, 2021	January to March, 2020
Shenzhen Gather Electronics Science Co., Ltd.	\$ 1,823	1,022

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

3. Receivables from related parties

Financial Statement Account	Category of related parties	2021.3.31	2020.12.31	2020.3.31
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 32,739	24,709	19,183

4. Payables to related parties

Financial Statement Account	Category of related parties	2021.3.31	2020.12.31	2020.3.31
Accounts payable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 3,165	2,319	2,333

5. Other transactions

The consolidated company engaged in service contracts associated with winding machines with related parties. Service income generated were NT\$632 thousand and NT\$0 thousand for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, December 31 and March 31, 2020, receivables from related parties from the above transactions amounted to NT\$266 thousand, NT\$697 thousand, and NT\$0 thousand, respectively.

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

(III) Major managerial personnel transactions

Remuneration of major managerial personnel includes:

	January to March, 2021	January to March, 2020
Short-term employee benefits	\$ 7,769	6,688
Benefits after retirement	103	104
	\$ 7,872	6,792

VIII. Pledged Assets

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

Pledged Assets	Purpose of Pledge	2021.3.31	2020.12.31	2020.3.31
Other financial assets - non-current	Purchase guarantee, investment guarantee, etc.	\$ 26,239	26,351	25,852

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

X. Significant Disaster Loss: None.

XI. Significant Subsequent Events: None.

XII. Others

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

Function Type	January to March, 2021			January to March, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	53,035	47,717	100,752	31,726	31,729	63,455
Labor and health insurance expense	314	1,859	2,173	129	1,473	1,602
Pension expense	177	997	1,174	110	863	973
Other employee benefits expenses	1,122	1,679	2,801	468	1,526	1,994
Depreciation	40,669	10,681	51,350	45,890	6,380	52,270
Amortization	29	1,268	1,297	18	1,022	1,040

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

XIII. Supplementary disclosures

(I) Information on significant transactions

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

1. Financing provided to others:

No.	Lending company	Borrower	Subject	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount Actually Drawn	Interest rate range	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	APAQ Wuxi	Other accounts receivable - related parties	Yes	171,210	171,210	-	-	Business transaction	1,555,794	-	-	-	-	966,130	966,130
0	The Company	APAQ Hubei	Other accounts receivable - related parties	Yes	171,210	171,210	-	-	Short-term Financing	-	Business Needs of Subsidiary	-	-	-	966,130	966,130

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 the CPAs in the most recent period.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

2. Endorsement or guarantee provided to others

	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	Ending Balance of Endorsement and Guarantee	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	Relation										
0	The Company	APAQ Wuxi	Subsidiary	2,415,324	199,745	199,745	-	-	8.27%	2,415,324	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,415,324	199,745	199,745	-	-	8.27%	2,415,324	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 the 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 the CPAs in the most recent period.

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

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	End of the Period				Remarks
				Shares	Carrying Amount	Shareholding %	Fair Value	
The Company	Walton Chaintech Corporation	None	Financial assets at fair value through other comprehensive income - current-	4,710	186,516	4.64%	186,516	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current-	1,000	52,531	5.80%	52,531	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current-	18	1,723	10.73%	1,723	
The Company	Chia-Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	1,800	17,259	3.64%	17,259	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	3,770	59,391	5.39%	59,391	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	240	1,500	3.20%	1,500	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income - non-current-	800	7,100	11.43%	7,100	

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

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

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

Company Name	Name of the Counterparty	Relation	Transaction Details				Situation and reason of why transaction conditions are different from general transactions		Notes/Accounts Receivable or Payable		Remarks
			Purchases/sales	Amount	Ratio of total purchase (sales)	Credit period	Unit Price	Credit period	Balance	Ratio to total amount of notes/accounts receivable or payable	
The Company	APAQ Wuxi	Subsidiary	Purchase	357,665	99 %	60 days	-	Note 1	313,989	98.00%	Note 2

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

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

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

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

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

No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Conditions of Transactions			
				Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Purchase	357,665	60 days	55%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Sales	25,414	60 days	4%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts receivable	31,018	-	1%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts payable	313,989	-	8%

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(II) Information on reinvestment:

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

Name of investor	Name of investees	Location	Primary Business	Original Investment Amount		Ending Balance			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	%	Carrying Amount			
The Company	APAQ Samoa	Samoa	Holding	1,377,960	1,377,960	44,504	100.00%	1,853,543	5,311	14,819	Notes 1 and 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	-	3,000	30.00%	30,000	(27)	-	

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	Paid-in Capital (Note 6)	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 6)	Recovery							
APAQ Wuxi	Production and sales of electronic components, etc.	1,189,910 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	6,072	100.00%	6,072 Note 3	1,820,674	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	43,424 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	1,128	35.00%	1,031 Note 4	46,697	-	
APAQ Hubei	Production and sales of electronic components, etc.	114,140 (USD4,000 thousand)	Note 2	120,550 (USD4,000 thousand)	-	-	120,550 (USD4,000 thousand)	9,095	100.00%	9,095 Note 3	160,207	-	

**Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its
Subsidiaries (Continued)**

2. Limits on reinvestments in Mainland China

Accumulated investment remitted from Taiwan to Mainland China at the end of the period (Note 6)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Upper limit on investment authorized by Investment Commission, MOEA
1,458,561 (USD 45,700 thousand and RMB 9,800 thousand)	1,515,631 (USD47,700 thousand and RMB9,800 thousand)	(Note 7)

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 reviewed by the CPAs.

Note 4. It was recognized based on financial statements of the same period not reviewed by the CPAs.

Note 5. Relevant transactions and ending balances have been eliminated in the consolidated financial statements.

Note 6. The paid-in capital is converted into NTD at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NTD at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 47,700 thousand and RMB 9,800 thousand is converted into NTD at previous exchange rates. In addition, as of March 31, 2021, there was still an approved investment amount of US\$2,000 thousand, which had not yet been remitted.

Note 7. 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 three months ended March 31, 2021.

Notes to the Consolidated Financial Report of APAQ Technology Co., Ltd. and its Subsidiaries (Continued)

(IV) Information on major shareholders:

	Unit: Shares	
Name of Major Shareholder	No. of Shares Held	Shareholding %
Huacheng Venture Capital Co., Ltd.	10,668,012	12.32%
Prosperity Dielectrics Co., Ltd.	5,280,000	6.10%
INPAQ Technology Co., Ltd.	4,776,329	5.51%
Walton Advanced Engineering, Inc.	4,591,000	5.30%

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. Segment information

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