

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

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

**For the Nine Months Ended September
30, 2021 and 2020**

**Address: 4F., No. 2&6, Kedong 3rd Rd., Zhunan Township, Miaoli County 350,
Taiwan (R.O.C.)
Tel: (037)777-588**

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 consolidated balance sheets of APAQ TECHNOLOGY CO., LTD. and subsidiaries as of September 30, 2021 and 2020; the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and consolidated statements of cash flows for the nine-month periods then ended, and notes to consolidated financial statements (including summary on 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(VI) of the consolidated financial statements, investments accounted for under the equity method of APAQ Technology Co., Ltd. and subsidiaries amounted to NT\$85,323 thousand and NT\$43,704 thousand as of September 30, 2021 and 2020, respectively. The share of profits (losses) of associates accounted for under the equity method were NT\$2,261 thousand, NT\$(1,027) thousand, NT\$3,460 thousand and NT\$(624) thousand for the three months and nine 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

Based on our reviews, except for possible effects from financial statements of the 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 accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of APAQ Technology Co., Ltd. and subsidiaries as of September 30, 2021 and 2020, and its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020 and its consolidated cash flows for the nine months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission.

KPMG Taiwan

Wan-Yuan You

Certified public accountant :

Qian-Hui Lu

Securities Competent

(88) Taiwan-Finance-Securities-VI-18311

Authority Approval No.

Jin-Guan-Zheng-Shen-Zi No. 1040007866

November 3, 2021

**September 30, 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 September 30, 2021, December 31 and September 30, 2020

Unit: NTS thousand

	2021.9.30		2020.12.31		2020.9.30			2021.9.30		2020.12.31		2020.9.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
Current assets:								Current liabilities:					
1100 Cash and cash equivalents [Note VI(I)]	\$ 839,024	19	683,514	17	689,889	18	2100 Short-term loans [Note VI(XI)]	\$ 1,286,000	29	865,000	21	889,100	23
1110 Financial assets at fair value through profit or loss - current [Note VI(II)]	-	-	-	-	25	-	2170 Accounts payable	449,473	10	430,730	11	411,206	11
1120 Financial assets at fair value through other comprehensive income - current [Note VI(III)]	115,395	3	138,474	4	115,866	3	2180 Accounts payable - related parties [Note VII]	6,456	-	2,319	-	2,853	-
1150 Notes receivable [Note VI(IV)]	35,419	1	51,034	1	54,162	1	2201 Payroll and bonus payable	112,132	2	114,188	3	101,324	3
1170 Accounts receivable [Note VI(IV)]	1,005,101	22	984,323	24	990,790	26	2213 Payables on equipment	37,468	1	24,001	1	19,293	-
1180 Accounts receivable - related parties [Notes VI(IV) & VII]	49,430	1	25,406	1	17,743	-	2280 Lease liabilities - current [Note VI(XIV)]	8,546	-	9,001	-	9,158	-
1310 Net inventories [Note VI (V)]	657,969	15	544,367	13	462,524	12	2320 Long-term liabilities due within one year [Note VI(XIII)]	-	-	248,676	6	247,353	6
1479 Other current assets [Note VI(IX)]	73,254	2	55,156	1	56,951	2	2399 Other current liabilities	113,966	3	145,562	4	135,733	4
	<u>2,775,592</u>	<u>63</u>	<u>2,482,274</u>	<u>61</u>	<u>2,387,950</u>	<u>62</u>		<u>2,014,041</u>	<u>45</u>	<u>1,839,477</u>	<u>46</u>	<u>1,816,020</u>	<u>47</u>
Non-current assets:								Non-current liabilities:					
1517 Financial assets at fair value through other comprehensive income - non-current [Note VI(III)]	127,680	3	136,944	3	121,949	3	2540 Long-term loans [Note VI(XII)]	10,000	-	-	-	-	-
1550 Investments accounted for under the equity method [Note VI(VI)]	85,323	2	45,737	1	43,704	1	2580 Lease liabilities - non-current [Note VI(XIV)]	13,319	-	17,782	-	19,972	-
1600 Property, plant and equipment [Note VI(VII)]	1,268,136	28	1,183,327	30	1,106,686	28		<u>23,319</u>	<u>-</u>	<u>17,782</u>	<u>-</u>	<u>19,972</u>	<u>-</u>
1755 Right-of-use assets [Note VI(VIII)]	32,295	1	37,627	1	39,829	1		<u>2,037,360</u>	<u>45</u>	<u>1,857,259</u>	<u>46</u>	<u>1,835,992</u>	<u>47</u>
1780 Intangible assets [Note VI(X)]	32,991	1	36,796	1	37,392	1	Total Liabilities						
1840 Deferred income tax assets	52,585	1	45,859	1	55,904	1	Equity [Notes VI(XIII) & (XVII)]:						
1984 Other financial assets - non-current [Note VIII]	25,998	-	26,351	1	25,892	1	3100 Share capital	889,535	20	845,248	21	845,248	22
1990 Other non-current assets [Note VI(IX)]	66,213	1	41,682	1	60,394	2	3200 Capital surplus	765,757	17	561,362	14	561,362	15
	<u>1,691,221</u>	<u>37</u>	<u>1,554,323</u>	<u>39</u>	<u>1,491,750</u>	<u>38</u>	3300 Retained earnings	918,711	21	858,029	21	792,996	20
Total assets	\$ 4,466,813	100	4,036,597	100	3,879,700	100	3400 Other equity	(144,550)	(3)	(85,301)	(2)	(155,898)	(4)
							Total equity	<u>2,429,453</u>	<u>55</u>	<u>2,179,338</u>	<u>54</u>	<u>2,043,708</u>	<u>53</u>
							Total liabilities and equity	\$ 4,466,813	100	4,036,597	100	3,879,700	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 and Nine Months Ended September 30, 2021 and 2020

Unit: NT\$ thousand

	July to September, 2021		July to September, 2020		January to September, 2021		January to September, 2020			
	Amount	%	Amount	%	Amount	%	Amount	%		
4110	Net sales revenue [Notes VI(XIX) & VII]		\$ 722,491	100	741,830	100	2,087,343	100	1,738,544	100
5110	Operating costs [Notes VI(XX) & VII]		525,652	73	507,937	68	1,521,700	73	1,236,609	71
5900	Gross profit		196,839	27	233,893	32	565,643	27	501,935	29
6000	Operating expenses [Notes VI(XX) & VII]:									
6100	Selling expenses		25,086	3	20,549	3	72,258	3	60,925	4
6200	Administrative expenses		41,674	6	41,444	6	120,825	6	111,884	6
6300	Research and development expenses		23,498	3	20,662	3	71,528	3	51,681	3
	Total operating expenses		90,258	12	82,655	12	264,611	12	224,490	13
6900	Operating profit		106,581	15	151,238	20	301,032	15	277,445	16
7000	Non-operating income and expenses:									
7020	Other gains and losses [Note VI(XXI)]		5,635	1	2,751	-	33,952	2	31,605	2
7050	Finance costs [Notes VI(XIII), (XIV) & (XXI)]		(2,869)	-	(3,236)	-	(8,799)	-	(12,730)	(1)
7100	Interest income [Note VI(XXI)]		660	-	315	-	1,677	-	1,637	-
7230	Foreign exchange gain (loss) [Note VI(XXII)]		1,605	-	(25,093)	(3)	(25,066)	(1)	(34,251)	(2)
7370	Share of profit or loss of associates accounted for under the equity method [Note VI(VI)]		2,261	-	(1,027)	-	3,460	-	(624)	-
	Non-operating income and expenses, net		7,292	1	(26,290)	(3)	5,224	1	(14,363)	(1)
7900	Net profit before income tax		113,873	16	124,948	17	306,256	16	263,082	15
7950	Less: Income tax expense [Note VI(XVI)]		28,465	4	35,748	5	76,562	3	66,500	4
	Net income for the period		85,408	12	89,200	12	229,694	13	196,582	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		(20,280)	(3)	1,410	-	(32,343)	(2)	(29,425)	(2)
	Total of items that may not be reclassified subsequently to profit or loss		(20,280)	(3)	1,410	-	(32,343)	(2)	(29,425)	(2)
8360	Items that may be reclassified subsequently to profit or loss									
8361	Financial statements translation differences of foreign operations		(9,069)	(1)	35,043	5	(33,633)	(2)	(5,888)	-
8399	Less: Income tax related to items that may be reclassified [Note VI(XVI)]		(1,814)	-	7,008	1	(6,727)	-	(1,178)	-
	Total of items that may be reclassified subsequently to profit or loss		(7,255)	(1)	28,035	4	(26,906)	(2)	(4,710)	-
8300	Other comprehensive income, net of tax		(27,535)	(4)	29,445	4	(59,249)	(4)	(34,135)	(2)
	Total comprehensive income for the year		\$ 57,873	8	118,645	16	170,445	9	162,447	9
	Earnings per share (Unit: NT\$) [Note VI(XVIII)]									
9750	Basic earnings per share		\$ 0.96		1.06		2.63		2.33	
9850	Diluted earnings per share		\$ 0.95		1.01		2.58		2.33	

(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 Changes in Equity
For the nine months ended September 30, 2021 and 2020

Unit: NTS thousand

	Share capital			Retained earnings				Other equity items		Total	Total equity	
	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
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	-	-	-	-	-	-	196,582	196,582	-	-	-	196,582
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(4,710)	(29,425)	(34,135)	(34,135)
Total comprehensive income for the year	-	-	-	-	-	-	196,582	196,582	(4,710)	(29,425)	(34,135)	162,447
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 September 30, 2020	\$ 845,248	-	845,248	561,362	139,955	121,763	531,278	792,996	(119,465)	(36,433)	(155,898)	2,043,708
Balance as of January 1, 2021	\$ 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	-	-	-	-	-	-	229,694	229,694	-	-	-	229,694
Other comprehensive income for the period	-	-	-	-	-	-	-	-	(26,906)	(32,343)	(59,249)	(59,249)
Total comprehensive income for the year	-	-	-	-	-	-	229,694	229,694	(26,906)	(32,343)	(59,249)	170,445
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 September 30, 2021	\$ 889,535	-	889,535	765,757	166,116	85,301	667,294	918,711	(113,377)	(31,173)	(144,550)	2,429,453

(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 Cash Flows

For the nine months ended September 30, 2021 and 2020

Unit: NT\$ thousand

	January to September, 2021	January to September, 2020
Cash flows from operating activities:		
Income before income tax for the period	\$ 306,256	263,082
Adjustments:		
Income and expenses having no effect on cash flows		
Depreciation	156,543	151,765
Amortization	3,898	3,258
Interest expense	8,799	12,730
Dividend income	(23,246)	(3,012)
Interest income	(1,677)	(1,637)
Share of profit or loss of associates accounted for under the equity method	(3,460)	624
Obsolescence of property, plant and equipment	397	172
Other net expenses having no effect on cash flows	881	394
Total income and expense items	<u>142,135</u>	<u>164,294</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(41,990)	(170,647)
Inventories	(120,561)	(71,455)
Other operating assets	(18,722)	(26,114)
Accounts payable (including related parties)	32,800	108,695
Other operating liabilities	1,861	19,464
Total adjustments	<u>(4,477)</u>	<u>24,237</u>
Cash generated from operations	301,779	287,319
Interest received	1,677	1,637
Dividends received	23,246	3,012
Interest paid	(7,568)	(9,644)
Income tax paid	(110,634)	(20,869)
Net cash generated from operating activities	<u>208,500</u>	<u>261,455</u>
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)	-
Proceeds from purchases of property, plant and equipment	(218,925)	(76,306)
Disposal of property, plant and equipment	14	-
Acquisition of intangible assets	(100)	(3,395)
Increase in other financial assets	-	(556)
Increase in other non-current assets	1,935	(4,827)
Increase in prepayments for business facilities	(48,459)	(48,395)
Net cash used in investing activities	<u>(302,535)</u>	<u>(139,479)</u>
Cash flows from financing activities:		
Increase in short-term loans	481,698	335,000
Repayment of short-term loans	(60,698)	(366,776)
Repayment for bonds due	(1,100)	(1,300)
Increase in long-term loans	10,000	-
Repayment of lease principal	(7,081)	(6,697)
Cash dividends paid	(169,012)	(84,525)
Net cash flows generated from (used in) financing activities	<u>253,807</u>	<u>(124,298)</u>
Effect of exchange rates on cash and cash equivalents	(4,262)	(8,742)
Increase (decrease) in cash and cash equivalents	155,510	(11,064)
Cash and cash equivalents, beginning of the year	683,514	700,953
Cash and cash equivalents, end of the year	<u>\$ 839,024</u>	<u>689,889</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 the Generally Accepted Auditing Standards in the Republic of China

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

(The unit for all amounts expressed are in thousands of NTD unless otherwise stated)

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 financial statements were approved and issued on November 3, 2021, 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"

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

(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"	<p>The Amendments to IAS 1 include:</p> <ul style="list-style-type: none"> ● 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

(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").

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

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		
			2021.9.30	2020.12.31	2020.9.30
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%

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 judgments, 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.

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

(I) Cash and cash equivalents

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Cash and demand deposit	\$ 753,138	639,866	647,158
Time deposits	85,886	43,648	42,731
Cash and cash equivalents	<u>\$ 839,024</u>	<u>683,514</u>	<u>689,889</u>

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

(II) Financial Assets at Fair Value through Profit or Loss - Current

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Right of redemption - Convertible bonds payable	\$ -	-	<u>25</u>

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

1. Current:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Domestic listed stocks	\$ 115,395	138,474	115,866

2. Non-current:

	<u>2021.9.30</u>	<u>2020.12.31</u>	<u>2020.9.30</u>
Domestic and foreign unlisted common stocks			
Foxfortune Technology Ventures Limited	\$ 36,849	52,996	41,181
Inpaq Korea Co., Ltd.	1,798	1,418	1,367
Element I Venture Capital Co., Ltd.	17,789	16,259	15,912
Kuan Kun Electronic Enterprise Co., Ltd.	59,404	57,725	50,985
AICP Technology Corporation	1,218	1,582	4,504
Yuanxin Semiconductor Co., Limited	10,622	6,964	8,000
	<u>\$ 127,680</u>	<u>136,944</u>	<u>121,949</u>

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

	<u>2021.9.30</u>			<u>2020.12.31</u>			<u>2020.9.30</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
USD	\$ 1,017	27.85	28,323	1,017	28.48	28,964	1,017	29.10	29,595

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.

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.

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

The consolidated company acquired shares from Yuanxin Semiconductor Co., Limited in September 2020 with the acquisition price of NT\$8,000 thousand.

The consolidated company recognized dividend income of NT\$2,921 thousand, NT\$1,979 thousand, NT\$23,246 thousand, and NT\$3,012 thousand for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the three months and nine months ended September 30, 2021 and 2020, respectively.

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

	2021.9.30	2020.12.31	2020.9.30
Notes receivable	\$ 35,419	51,034	54,162
Accounts receivable	1,005,101	984,323	990,790
Accounts receivable - related parties	49,430	25,406	17,743
	<u>\$ 1,089,950</u>	<u>1,060,763</u>	<u>1,062,695</u>

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:

	2021.9.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 1,087,911	0%	-
Past due 1-90 days	2,039	0%	-
Total	<u>\$ 1,089,950</u>		<u>-</u>

	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	<u>\$ 1,060,763</u>		<u>-</u>

	2020.9.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 1,056,538	0%	-
Past due 1-90 days	6,157	0%	-
Total	<u>\$ 1,062,695</u>		<u>-</u>

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the nine months ended September 30, 2021 and 2020.

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

(V) Inventories, net

	2021.9.30	2020.12.31	2020.9.30
Raw materials	\$ 248,695	194,351	169,925
Work in process and semi-finished products	64,928	61,212	71,197
Finished goods and commodity	344,346	288,804	221,402
	\$ 657,969	544,367	462,524

(VI) Investments accounted for under the equity method

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.

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.

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:

	2021.9.30	2020.12.31	2020.9.30
The carrying amount of equity at the end of the period of individual non-significant associates	\$ 85,323	45,737	43,704

Share attributable to the consolidated company:

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Net income for the period	\$ 2,261	(1,027)	3,460	(624)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	\$ 2,261	(1,027)	3,460	(624)

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.

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

(VII) 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	4,084	48,747	15,090	186,081	254,002
Obsolescence	-	(5,413)	(1,060)	-	(6,473)
Reclassifications	8,796	76,977	13,920	(100,831)	(1,138)
Effect of Exchange Rate	(5,930)	(25,456)	(1,479)	(2,327)	(35,192)
Balance as of September 30, 2021	\$ 370,107	1,699,766	157,208	214,850	2,441,931
Balance as of January 1, 2020	\$ 353,940	1,489,109	114,134	52,619	2,009,802
Additions	3,464	26,592	24,442	29,821	84,319
Obsolescence	-	(854)	(614)	-	(1,468)
Reclassifications	-	25,703	(11,215)	(14,907)	(419)
Effect of Exchange Rate	(1,881)	(6,884)	131	177	(8,457)
Balance as of September 30, 2020	\$ 355,523	1,533,666	126,878	67,710	2,083,777
Accumulated depreciation:					
Balance as of January 1, 2021	\$ 140,357	834,470	72,578	-	1,047,405
Depreciation for the period	20,109	110,881	18,239	-	149,229
Obsolescence	-	(5,120)	(942)	-	(6,062)
Effect of Exchange Rate	(2,360)	(13,667)	(750)	-	(16,777)
Balance as of September 30, 2021	\$ 158,106	926,564	89,125	-	1,173,795
Balance as of January 1, 2020	\$ 113,230	666,892	53,484	-	833,606
Depreciation for the period	17,824	113,399	13,499	-	144,722
Disposals and obsolescence	-	(741)	(555)	-	(1,296)
Effect of Exchange Rate	31	(58)	86	-	59
Balance as of September 30, 2020	\$ 131,085	779,492	66,514	-	977,091
Carrying Amount:					
January 1, 2021	\$ 222,800	770,441	58,159	131,927	1,183,327
September 30, 2021	\$ 212,001	773,202	68,083	214,850	1,268,136
January 1, 2020	\$ 240,710	822,217	60,650	52,619	1,176,196
September 30, 2020	\$ 224,438	754,174	60,364	67,710	1,106,686

(VIII) 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	(190)	-	-	(190)
Balance as of September 30, 2021	\$ 11,488	39,940	1,567	52,995
Balance as of January 1, 2020	\$ 11,497	24,497	1,082	37,076
Additions	-	15,975	-	15,975
Effect of exchange rate changes	(64)	-	-	(64)
Balance as of September 30, 2020	\$ 11,433	40,472	1,082	52,987
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2021	\$ 578	13,529	966	15,073
Provision for depreciation	213	6,732	369	7,314
Deduction	-	(474)	(1,204)	(1,678)
Effect of exchange rate changes	(9)	-	-	(9)
Balance as of September 30, 2021	\$ 782	19,787	131	20,700
Balance as of January 1, 2020	\$ 284	5,342	483	6,109
Provision for depreciation	205	6,476	362	7,043
Effect of exchange rate changes	6	-	-	6
Balance as of September 30, 2020	\$ 495	11,818	845	13,158
Carrying Amount:				
January 1, 2021	\$ 11,100	26,411	116	37,627
September 30, 2021	\$ 10,706	20,153	1,436	32,295
January 1, 2020	\$ 11,213	19,155	599	30,967
September 30, 2020	\$ 10,938	28,654	237	39,829

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

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

	2021.9.30	2020.12.31	2020.9.30
Prepayments for business facilities	\$ 56,721	30,104	53,054
Credits of business tax and incremental value tax	47,465	38,563	38,440
Prepaid expenses	25,040	15,904	18,163
Prepayments for goods and others	10,241	12,267	7,688
	\$ 139,467	96,838	117,345

(X) Intangible assets

	Computer software	Royalty fees	Total
January 1, 2021	\$ 3,643	33,153	36,796
September 30, 2021	\$ 2,653	30,338	32,991
September 30, 2020	\$ 3,301	34,091	37,392

There were no material additions, disposals, provision or reversal of impairment where the consolidated company's intangible assets were concerned for the nine months ended September 30, 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

	2021.9.30	2020.12.31	2020.9.30
Unsecured bank loans	\$ 1,286,000	865,000	889,100
Unused limit	\$ 549,972	981,352	720,101
Interest rate range	0.88%~ 1.11%	0.88%~ 1.03%	0.79606%~ 1.1502%

(XII) Long-term loans

	2021.9.30
Unsecured bank loans	\$ 10,000
Less: Due within one year	-
	\$ 10,000
Unused limit	\$ 440,000
Interest rate range	1.31844%

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

(XIII) 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:

	2021.9.30	2020.12.31	2020.9.30
Total amount of issuing convertible corporate bonds	\$ 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>

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interest expense	<u>\$ -</u>	<u>-</u>	<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 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 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:

	2021.9.30	2020.12.31	2020.9.30
Total amount of issuing convertible corporate bonds	\$ 250,000	250,000	250,000
Less: Unamortized payable corporate bond discount	-	(1,324)	(2,647)
Less: Accumulated converted ordinary shares	(248,900)	-	-
Less: Long-term liabilities due within one year	-	(248,676)	(247,353)
Less: Repayment upon maturity	(1,100)	-	-
Balance of bonds payable at the end of the period	<u>\$ -</u>	<u>-</u>	<u>-</u>
Embedded derivatives - redemption rights (recognized as financial assets at fair value through profit or loss - current)	<u>\$ -</u>	<u>-</u>	<u>25</u>

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

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	\$ -	(25)	-	(25)
Interest expense	\$ -	1,318	1,107	3,930

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 September 30, 2020, respectively.

For the period from January 1 to April 27, 2021 (maturity date), a nominal amount of NT\$248,682 thousand unsecured convertible corporate bonds were applied to be converted to 4,429 thousand common stocks. Capital surplus increased by NT\$204,395 thousand due to the conversion.

(XIV) Lease liabilities

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

	2021.9.30	2020.12.31	2020.9.30
Current	\$ 8,546	9,001	9,158
Non-current	\$ 13,319	17,782	19,972

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

The amount recognized in profit or loss is as follows:

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interest expense of lease liabilities	\$ 67	88	210	268
Expense for leases of low-value items	\$ 18	20	54	58

The amounts recognized in the statements of cash flows are:

	January to September, 2021	January to September, 2020
Total cash outflow for lease	\$ 7,345	7,023

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

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings as of September 30, 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 of the office premises of the consolidated company's lease is two years. These leases are for low-value items, and the consolidated company chooses to apply the exemption recognition requirement instead of recognizing their right-of-use assets and lease liabilities.

(XV) Employee benefits

For pension expenses of the consolidated company for the nine months ended September 30, 2021 and 2020, please refer to Note XII for details.

(XVI) Income Tax

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

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Current income tax expenses	\$ 28,465	35,748	87,565	72,061
Current income tax from adjustment of prior period	-	-	(11,003)	(5,561)
	\$ 28,465	35,748	76,562	66,500

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

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Exchange differences on translation of foreign operations	\$ (1,814)	7,008	(6,727)	(1,178)

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

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

(XVII) 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 nine months ended September 30, 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 September, 2021	January to September, 2020
Balance as of January 1	84,525	84,502
Conversion of convertible corporate bonds	4,429	23
Balance as of September 30	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.

Between January 1 to March 1, 2020 (maturity date), the Company issued 23 thousand new shares of common stocks for the conversion of convertible corporate bonds with the amount of NT\$237 thousand. As of June 30, 2020, the above-mentioned capital collected in advance has completed the statutory registration procedures and were transferred to Share capital - common stocks. In addition, the Company issued 60,000 common stocks for the conversion of corporate bonds for the year ended December 31, 2019. As the statutory registration procedures were not completed as of December 31, 2019, they were recognized as capital collected in advance of NT\$592 thousand. As of June 30, 2020, the statutory registration procedures were completed and the stocks were reclassified as Share capital - common stocks.

2. Capital surplus

	2021.9.30	2020.12.31	2020.9.30
Share premium	\$ 320,766	320,766	320,766
Issuance of common stock for cash and retained employee compensation	7,852	7,852	7,852
Subscription right to corporate bonds	117	11,890	11,890
Treasury stock transactions	3,642	3,642	3,642
Premium from conversion of corporate bonds to common stocks	433,380	217,212	217,212
	\$ 765,757	561,362	561,362

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

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 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	<u>169,012</u>	1	<u>84,525</u>

The appropriation of retained earnings is consistent with the proposals 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 after the end of the fiscal year. Information will be available at the Market Observation Post System (MOPS).

(XVIII) Earnings per Share (EPS)

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Basic EPS:				
Net income attributable to the Company	\$ 85,408	89,200	229,694	196,582
Weighted-average number of ordinary shares (in thousands)	<u>88,954</u>	<u>84,525</u>	<u>87,490</u>	<u>84,512</u>
Basic EPS (NT\$)	<u>\$ 0.96</u>	<u>1.06</u>	<u>2.63</u>	<u>2.33</u>
Diluted EPS:				
Net income attributable to the Company	\$ 85,408	89,200	229,694	196,582
Post-tax interest on convertible corporate bonds	-	1,052	886	3,140
Net income attributable to share capital of common stocks	<u>\$ 85,408</u>	<u>90,252</u>	<u>230,580</u>	<u>199,722</u>
Weighted-average number of ordinary shares (in thousands)	88,954	84,525	87,490	84,512
Employee compensation to be distributed in stocks	484	440	586	691
Convertible corporate bonds	-	4,448	1,463	4,448
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	<u>89,438</u>	<u>89,413</u>	<u>89,539</u>	<u>89,651</u>
Diluted EPS (NT\$)	<u>\$ 0.95</u>	<u>1.01</u>	<u>2.58</u>	<u>2.23</u>

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

(XIX) Revenue of customer contract

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Revenues from major regional markets:				
China	\$ 680,571	715,780	1,965,755	1,678,215
Taiwan	41,017	24,156	119,944	57,228
Other Countries	903	1,894	1,644	3,101
	\$ 722,491	741,830	2,087,343	1,738,544
Major products				
Coiled conductive polymer solid state capacitors	\$ 542,836	608,728	1,659,599	1,474,826
Chip-type conductive polymer solid state capacitors	179,655	133,102	427,744	263,718
	\$ 722,491	741,830	2,087,343	1,738,544

(XX) 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\$9,184 thousand, NT\$9,224 thousand, NT\$25,156 thousand, and NT\$22,035 thousand as employee compensation and NT\$2,701 thousand, NT\$2,713 thousand, NT\$7,399 thousand, and NT\$6,481 thousand as remuneration for Directors for the three months and nine months ended September 30, 2021 and 2020, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. 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.

(XXI) Non-operating income and expenses

1. Interest income

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interests on bank deposits	\$ 658	315	1,670	1,570
Other interest income	2	-	7	67
	\$ 660	315	1,677	1,637

2. Other gains and losses, net

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

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Subsidy income	\$ 1,865	1,956	9,055	27,835
Gains (losses) on disposal of property, plant and equipment	9	(94)	(397)	(172)
Financial asset valuation gains (loss)	-	25	-	25
Dividend income	2,921	1,979	23,246	3,012
Other	840	(1,115)	2,048	905
Other gains and losses, net	\$ 5,635	2,751	33,952	31,605

3. Finance costs

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interest expenses of corporate bonds	\$ -	1,318	1,107	3,933
Interest expenses of loans	2,802	1,830	7,482	8,529
Interest expense of lease liabilities	67	88	210	268
	\$ 2,869	3,236	8,799	12,730

(XXII) 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 consolidated financial statements for the year ended December 31, 2020 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 September 30, 2021, December 31 and September 30, 2020, 45%, 48%, and 51%, 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(IV) for credit risk exposure of accounts receivable.

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

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

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):

	Carrying amount	Contract cash flow	Less than 6 months	6-12 months	More than 12 months
September 30, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 1,286,000	1,287,730	1,287,730	-	-
Accounts payable (including related parties)	455,929	455,929	455,929	-	-
Payroll and bonus payable	112,132	112,132	112,132	-	-
Payables on equipment	37,468	37,468	37,468	-	-
Lease liabilities (including current and non-current)	21,865	22,224	4,877	3,872	13,475
Long-term loans	10,000	10,533	65	67	10,401
	\$ 1,923,394	1,926,016	1,898,201	3,939	23,876
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
September 30, 2020					
Non-derivative financial liabilities					
Short-term loans	\$ 889,100	890,322	890,322	-	-
Accounts payable (including related parties)	414,059	414,059	414,059	-	-
Payroll and bonus payable	101,324	101,324	101,324	-	-
Payables on equipment	19,293	19,293	13,721	5,572	-
Lease liabilities (including current and non-current)	29,130	29,747	4,852	4,592	20,303
	\$ 1,452,906	1,454,745	1,424,278	10,164	20,303

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:

	2021.9.30			2020.12.31			2020.9.30			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	41,503	27.85	1,155,859	40,494	28.48	1,153,269	39,394	29.10	1,146,365
RMB		53,587	4.2943	230,119	45,670	4.3648	199,340	59,086	4.27	252,480
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		2,587	27.85	72,048	1,638	28.48	46,650	2,221	29.10	64,631

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

(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 after tax for the nine months ended September 30, 2021 and 2020 due to depreciation or appreciation of NTD against USD and RMB as of September 30, 2021 and 2020 with all other variables held constant were as follows:

	Range of the fluctuations	January to September, 2021	January to September, 2020
TWD exchange rate	1% depreciation against USD	\$ 8,670	8,654
	1% appreciation against USD	\$ (8,670)	(8,654)
TWD exchange rate	1% depreciation against RMB	\$ 1,841	2,020
	1% appreciation against RMB	\$ (1,841)	(2,020)

(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 three months and nine months ended September 30, 2021 and 2020 were NT\$1,605 thousand, NT\$(25,093) thousand, NT\$(25,066) thousand, and NT\$(34,251) 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 nine months ended September 30, 2021 and 2020 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	January to September, 2021	January to September, 2020
Annual interest rate	Increase of 1%	\$ (7,776)	(5,335)
	Decrease of 1%	\$ 7,776	5,335

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

	2020.9.30				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Right of redemption - Convertible bonds payable	\$ 25	-	25	-	25
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	\$ 115,866	115,866	-	-	115,866
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	\$ 121,949	-	-	121,949	121,949
Convertible corporate bonds payable (including bonds due within one year)	\$ 247,353	270,300	-	-	270,300

(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

- A. The fair value of the consolidated company's domestic listed stocks, which are financial assets with standard terms and conditions and traded in an active market, is determined based on market prices.
- B. The fair value of financial instruments held by the consolidated company that are not traded in an active market are presented by category and attribute as follows:
 - Unquoted equity instruments: For investee companies, the fair value is estimated using the net asset value method. The asset method is used to assess the total value of individual assets and liabilities covered by the appraisal to reflect the overall value of the company.
 - Unquoted equity instruments: For other investment portfolios, the fair value is estimated using comparable company analysis method, and is evaluated based on the price-book ratio of the industry.
- C. The redemption rights of embedded derivatives are based on an appropriate option pricing model.

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

(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		(9,264)
Balance as of September 30, 2021	\$	<u>127,680</u>

	Financial asset measured at fair value through measured at fair value through other comprehensive income-equity investments without an active market	
Balance as of January 1, 2020	\$	117,349
New addition		8,000
Proceeds from capital reduction		(2,000)
Total gains or losses		
Recognized in other comprehensive income		(1,400)
Balance as of September 30, 2020	\$	<u>121,949</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 September 30, 2021 and 2020, gains on assets amounted to NT\$12,681 thousand and NT\$23,149 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:

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

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 September 30, 2021, December 31, 2020, and September 30, 2020)	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	Price-book ratio (3.39 for September 30, 2020) Marketability discount (25% for September 30, 2020)	The higher the price-book ratio, the higher the fair value. The higher the marketability discount, the lower the fair value.

(XXIII) 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.

(XXIV) 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.

(XXV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the nine months ended September 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(XIII) for details.
2. For right-of-use assets obtained via leases, please refer to Note VI(VIII).

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

3. Reconciliation of liabilities from financing activities was as follows:

	2021.1.1	Cash flow	Non-cash changes		2021.9.30
			Change in Exchange fluctuations	Other changes	
Short-term loans	\$ 865,000	421,000	-	-	1,286,000
Second issuance of convertible corporate bonds	248,676	(1,100)	-	(247,576)	-
Lease liabilities	26,783	(7,081)	-	2,163	21,865
Long-term loans	-	10,000	-	-	10,000
	\$ 1,140,459	422,819	-	(245,413)	1,317,865

	2020.1.1	Cash flow	Non-cash changes		2020.9.30
			Change in Exchange fluctuations	Other changes	
Short-term loans	\$ 924,840	(31,776)	(3,964)	-	889,100
First issuance of convertible corporate bonds	2,095	(1,300)	-	(795)	-
Second issuance of convertible corporate bonds	243,423	-	-	3,930	247,353
Lease liabilities	19,852	(6,697)	-	15,975	29,130
	\$ 1,190,210	(39,773)	(3,964)	19,110	1,165,583

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.	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

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Shenzhen Gather Electronics Science Co., Ltd.	\$ 11,344	6,364	48,564	18,756
Hubei Gather Electronics Science Co., Ltd.	1,494	-	1,494	-
	\$ 12,838	6,364	50,058	18,756

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.

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

2. Purchases

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Shenzhen Gather Electronics Science Co., Ltd.	\$ 2,086	1,472	6,612	4,322
Hubei Gather Electronics Science Co., Ltd.	2,126	-	2,126	-
	\$ 4,212	1,472	8,738	4,322

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	2021.9.30	2020.12.31	2020.9.30
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 46,874	24,709	17,139
	Hubei Gather Electronics Science Co., Ltd.	1,689	-	-
		\$ 48,563	24,709	17,139

4. Payables to related parties

Financial Statement Account	Category of related parties	2021.9.30	2020.12.31	2020.9.30
Accounts payable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 4,091	2,319	2,853
	Hubei Gather Electronics Science Co., Ltd.	2,365	-	-
		\$ 6,456	2,319	2,853

5. Other transactions

The consolidated company engaged in service contracts associated with winding machines with related parties. Service income generated were NT\$632 thousand, NT\$632 thousand, NT\$1,896 thousand and NT\$1,054 thousand for the three months and nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, December 31 and September 30, 2020, receivables from related parties from the above transactions amounted to NT\$867 thousand, NT\$697 thousand, and NT\$604 thousand, respectively.

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

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Short-term employee benefits	\$ 10,663	11,083	31,703	28,139
Post-employment benefits	108	104	319	311
	\$ 10,771	11,187	32,022	28,450

VIII. Pledged Assets

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

Pledged Assets	Purpose of Pledge	2021.9.30	2020.12.31	2020.9.30
Other financial assets - non-current	Purchase guarantee, investment guarantee, etc.	\$ 25,998	26,351	25,892

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:

Function	July to September, 2021			July to September, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Type						
Employee benefits						
Salary expense	91,707	46,008	137,715	52,136	50,967	103,103
Labor and health insurance expense	324	1,808	2,132	127	1,610	1,737
Pension expense	263	1,020	1,283	55	849	904
Other employee benefits expenses	1,439	2,560	3,999	691	2,066	2,757
Depreciation	42,456	11,075	53,531	35,663	5,642	41,305
Amortization	28	1,272	1,300	13	1,140	1,153

Function	January to September 2021			January to September 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Type						
Employee benefits						
Salary expense	215,254	139,391	354,645	148,166	125,518	273,684
Labor and health insurance expense	975	5,486	6,461	390	4,555	4,945
Pension expense	680	3,052	3,732	229	2,504	2,733
Other employee benefits expenses	3,761	6,357	10,118	2,074	5,411	7,485
Depreciation	123,953	32,590	156,543	132,780	18,985	151,765
Amortization	87	3,811	3,898	51	3,207	3,258

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

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	167,100	-	-	Business transaction	1,555,794	-	-	-	-	971,781	971,781
0	The Company	Apaq Hubei	Other accounts receivable - related parties	Yes	171,210	167,100	83,550	2.366	Short-term financing	-	Business Needs of Subsidiary	-	-	-	971,781	971,781

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.

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	2,429,453	199,745	194,950	-	-	8.02%	2,429,453	Y	N	Y
0	The Company	Apaq Hubei	Subsidiary	2,429,453	199,745	194,950	-	-	8.02%	2,429,453	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.

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

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	115,395	4.64%	115,395	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	36,849	5.80%	36,849	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	1,798	10.73%	1,798	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,800	17,789	3.64%	17,789	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	3,770	59,404	5.39%	59,404	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income-non-current	240	1,218	3.20%	1,218	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	10,622	8.00%	10,622	

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	1,331,404	98 %	60 days from end of month	-	Note 1	453,646	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: Relevant transactions and ending balances have been eliminated in 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(XIII)]

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

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	1,331,404	60 days from end of month	64%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Sales	90,754	60 days from end of month	4%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts receivable	41,144	-	1%
0	The Company	Apaq Wuxi	Parent company to a subsidiary	Accounts payable	453,646	-	10%

(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%	1,915,240	97,723	97,809	Subsidiary Notes 1 and 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	-	3,000	30.00%	29,689	(1,035)	(311)	Associate
The Company	JDX Enterprise	Taiwan	Production and sales of electronic components, etc.	7,000	-	7,000	45.16%	7,000	-	-	Associate

Note 1: The recognized profit (loss) from investment includes the adjustment of counter-current transactions between associates.

Note 2: Relevant transactions and ending balances have been eliminated in 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 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.	1,189,099 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	99,540	100.00%	99,540 Note 3	1,893,587	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	42,943 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	8,879	35.00%	3,771 Note 4	48,634	-	
Apaq Hubei	Production and sales of electronic components, etc.	163,180 (USD5,500 thousand)	Note 2	120,550 (USD4,000 thousand)	41,841	-	162,391 (USD5,500 thousand)	23,304	100.00%	23,304 Note 3	214,173	-	Note 5

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

2. Limits of 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 MOEAIC
1,500,402 (USD 47,200 thousand and RMB 9,800 thousand)	1,625,727 (USD 51,700 thousand and RMB 9,800 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 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 September 30, 2021, there was still an approved investment amount of USD 4,500 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 nine months ended September 30, 2021.

(IV) Information on major shareholders:

Unit: Shares

Name of Major Shareholder	Shareholding	No. of Shares Held	Shareholding %
Huacheng Venture Capital Co., Ltd.		10,668,012	11.99%
TAIFLEX Scientific Co., Ltd.		6,102,000	6.85%
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

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.