

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

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

For the Six Months Ended June 30, 2022 and 2021

Address: 4F., No.2 & 6, Kedong 3rd Rd., Chunan Township, Miaoli County
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Notice to Reader

For the convenience of readers, the independent auditors' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and 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 June 30, 2022 and 2021; the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and consolidated statements of cash flows for the six-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(V) of the consolidated financial statements, investments accounted for under the equity method of APAQ Technology Co., Ltd. and subsidiaries amounted to NT\$84,329 thousand and NT\$76,171 thousand as of June 30, 2022 and 2021, respectively. The share of profits (losses) of associates accounted for under the equity method were NT\$(595) thousand, NT\$168 thousand, NT\$(888) thousand and NT\$1,199 thousand for the three months and six 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 June 30, 2022 and 2021, and its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021 and its consolidated cash flows for the six 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

Chen, Cheng-Hsueh

Certified public accountant :

Wan-Yuan You

Securities Competent Authority Approval No. August 9, 2022 Jin-Guan-Zheng-Shen-Zi No. 1020002066
: (88) Taiwan-Finance-Securities-VI-18311

APAQ TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

Unit: NT\$ thousand

		2022.6.30		2021.12.31		2021.6.30				2022.6.30		2021.12.31		2021.6.30	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents [Note VI(I)]	\$ 1,104,461	23	828,178	18	828,249	19	2100	Short-term loans [Note VI(X)]	\$ 1,336,000	27	1,306,000	28	1,071,000	25
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	134,235	3	138,239	3	136,590	3	2170	Accounts payable	347,726	7	411,098	9	440,053	10
1150	Notes receivable [Note VI(III)]	45,631	1	35,347	1	40,936	1	2180	Accounts payable - related parties [Note VII]	7,440	-	5,430	-	4,163	-
1170	Accounts receivable [Note VI(III)]	905,344	18	1,059,782	23	959,029	22	2201	Payroll and bonus payable	130,537	3	132,018	3	80,382	2
1180	Accounts receivable - related parties [Notes VI(III) & VII]	50,329	1	49,460	1	47,764	1	2213	Payables on equipment	27,886	1	40,938	1	61,872	2
1310	Inventories, net [Note VI(IV)]	822,197	17	697,174	15	599,133	14	2216	Dividends payable [Note VI(XVI)]	177,907	4	-	-	-	-
1479	Other current assets [Note VI(VIII)]	59,664	1	61,535	1	78,178	2	2280	Lease liabilities - current [Note VI(XIII)]	10,541	-	7,985	-	8,394	-
		3,121,861	64	2,869,715	62	2,689,879	62	2399	Other current liabilities	153,074	3	124,865	3	134,385	3
Non-current assets:								Non-current liabilities:							
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	134,204	3	129,807	3	126,765	3	2540	Long-term loans [Note VI(XI)]	85,000	2	10,000	-	-	-
1550	Investments accounted for under the equity method [Note VI(V)]	84,329	2	83,075	2	76,171	2	2580	Lease liabilities - non-current [Note VI(XIII)]	2,867	-	11,502	-	13,802	-
1600	Property, plant and equipment [Note VI(VI)]	1,390,242	28	1,330,505	29	1,235,516	28			87,867	2	21,502	-	13,802	-
1755	Right-of-use assets [Note VI(VII)]	24,090	-	29,981	1	32,746	1		Total Liabilities	2,278,978	47	2,049,836	44	1,814,051	42
1780	Intangible assets [Note VI(IX)]	29,106	1	31,697	1	34,293	1		Equity [Note VI(XII) & (XVI)]:						
1840	Deferred income tax assets	45,947	1	54,401	1	50,772	1	3100	Share capital	889,535	18	889,535	19	889,535	20
1920	Refundable deposits	26,668	-	26,263	-	26,090	1	3200	Capital surplus	765,757	16	765,757	17	765,757	18
1990	Other non-current assets [Note VI(VIII)]	28,974	1	46,377	1	82,411	1	3300	Retained earnings	1,015,637	20	995,384	22	1,002,315	23
		1,763,560	36	1,732,106	38	1,664,764	38	3400	Other equity	(64,486)	(1)	(98,691)	(2)	(117,015)	(3)
									Total equity	2,606,443	53	2,551,985	56	2,540,592	58
	Total assets	\$ 4,885,421	100	4,601,821	100	4,354,643	100		Total liabilities and equity	\$ 4,885,421	100	4,601,821	100	4,354,643	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

Three Months and Six Months Ended June 30, 2022 and 2021

Unit: NT\$ thousand

		April to June, 2022		April to June, 2021		January to June, 2022		January to June, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Net sales revenue [Notes VI(XVIII) & VII]	\$ 600,644	100	710,165	100	1,336,738	100	1,364,852	100
5110	Cost of goods sold [Notes VI(IV),(XIX) & VII]	422,216	70	516,461	73	988,968	74	996,048	73
5950	Gross profit	178,428	30	193,704	27	347,770	26	368,804	27
6000	Operating expenses [Notes VI(XIX) & VII]:								
6100	Selling expenses	27,758	5	25,201	4	55,132	4	47,172	3
6200	Administrative expenses	46,654	8	40,101	6	98,924	7	79,151	6
6300	Research and development expenses	23,400	4	22,939	2	45,883	3	48,030	4
	Total operating expenses	97,812	17	88,241	12	199,939	14	174,353	13
6900	Operating profit	80,616	13	105,463	15	147,831	12	194,451	14
7000	Non-operating income and expenses:								
7020	Other gains and losses [Notes VI(II), (XX)]	14,645	2	23,622	3	22,053	2	28,317	2
7050	Finance costs [Notes VI(XII), (XIII) & (XX)]	(4,227)	(1)	(2,524)	-	(7,761)	(1)	(5,930)	-
7060	Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	(595)	-	168	-	(888)	-	1,199	-
7100	Interest income [Notes VI(XX)]	730	-	673	-	1,466	-	1,017	-
7230	Foreign exchange gain (loss), net [Note VI(XXI)]	62,673	10	(28,554)	(4)	104,471	8	(26,671)	(2)
	Non-operating income and expenses, net	73,226	11	(6,615)	(1)	119,341	9	(2,068)	-
7900	Net profit before income tax	153,842	24	98,848	14	267,172	21	192,383	14
7950	Less: Income tax expense [Note VI(XV)]	40,654	7	24,671	3	69,012	5	48,097	3
8200	Net income for the period	113,188	17	74,177	11	198,160	16	144,286	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	14,033	2	(62,665)	(9)	393	-	(12,063)	(1)
	Total of items that may not be reclassified subsequently to profit or loss	14,033	2	(62,665)	(9)	393	-	(12,063)	(1)
8360	Items that may be reclassified subsequently to profit or loss								
8361	Financial statements translation differences of foreign operations	(41,682)	(7)	(14,305)	(2)	42,265	3	(24,564)	(2)
8399	Less: Income tax related to items that may be reclassified [Note VI(XV)]	(8,336)	(1)	(2,861)	-	8,453	1	(4,913)	-
	Total of items that may be reclassified subsequently to profit or loss	(33,346)	(6)	(11,444)	(2)	33,812	2	(19,651)	(2)
8300	Other comprehensive income, net of tax	(19,313)	(4)	(74,109)	(11)	34,205	2	(31,714)	(3)
	Total comprehensive income for the year	\$ 93,875	13	68	-	232,365	18	112,572	8
	Earnings per share (Unit: NT\$) [Note VI(XVII)]								
9750	Basic earnings per share	\$ 1.27		0.84		2.23		1.66	
9850	Diluted earnings per share	\$ 1.27		0.83		2.21		1.62	

(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
Six Months Ended June 30, 2022 and 2021

Unit: NT\$ thousand

	Retained earnings						Other equity items			
	Share capital - common stocks	Capital surplus	Legal reserve	Special reserve	Unappropri- ated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehens- ive income	Total	Total equity
Balance as of January 1, 2021	<u>\$ 845,248</u>	<u>561,362</u>	<u>139,955</u>	<u>121,763</u>	<u>596,311</u>	<u>858,029</u>	<u>(86,471)</u>	<u>1,170</u>	<u>(85,301)</u>	<u>2,179,338</u>
Net income for the period	-	-	-	-	144,286	144,286	-	-	-	144,286
Other comprehensive income for the period	-	-	-	-	-	-	(19,651)	(12,063)	(31,714)	(31,714)
Total comprehensive income for the year	-	-	-	-	144,286	144,286	(19,651)	(12,063)	(31,714)	112,572
Conversion of convertible corporate bonds	44,287	204,395	-	-	-	-	-	-	-	248,682
Balance as of June 30, 2021	<u>\$ 889,535</u>	<u>765,757</u>	<u>139,955</u>	<u>121,763</u>	<u>740,597</u>	<u>1,002,315</u>	<u>(106,122)</u>	<u>(10,893)</u>	<u>(117,015)</u>	<u>2,540,592</u>
Balance as of January 1, 2022	<u>\$ 889,535</u>	<u>765,757</u>	<u>166,116</u>	<u>85,301</u>	<u>743,967</u>	<u>995,384</u>	<u>(92,490)</u>	<u>(6,201)</u>	<u>(98,691)</u>	<u>2,551,985</u>
Net income for the period	-	-	-	-	198,160	198,160	-	-	-	198,160
Other comprehensive income for the period	-	-	-	-	-	-	33,812	393	34,205	34,205
Total comprehensive income for the year	-	-	-	-	198,160	198,160	33,812	393	34,205	232,365
Earnings appropriation and distribution:										
Appropriation of legal reserve	-	-	30,637	-	(30,637)	-	-	-	-	-
Appropriation of special reserve	-	-	-	13,390	(13,390)	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(177,907)	(177,907)	-	-	-	(177,907)
Balance as of June 30, 2022	<u>\$ 889,535</u>	<u>765,757</u>	<u>196,753</u>	<u>98,691</u>	<u>720,193</u>	<u>1,015,637</u>	<u>(58,678)</u>	<u>(5,808)</u>	<u>(64,486)</u>	<u>2,606,443</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
Consolidated Statements of Cash Flows
Six Months Ended June 30, 2022 and 2021**

Unit: NT\$ thousand

	January to June, 2022	January to June, 2021
Cash flows from operating activities:		
Income before income tax for the period	\$ 267,172	192,383
Adjustments:		
Income and expenses having no effect on cash flows		
Depreciation	121,298	103,012
Amortization	2,597	2,598
Interest expense	7,761	5,930
Interest income	(1,466)	(1,017)
Dividend income	(7,837)	(20,325)
Share of corporate profit or loss recognized under the equity method	888	(1,199)
Losses (gains) on disposal of property, plant and equipment	(21)	406
Other non-cash expense (gain) items, net	312	883
Total income and expense items	<u>123,532</u>	<u>90,288</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	155,352	908
Inventories	(115,440)	(59,669)
Other operating assets	2,940	(23,422)
Accounts payable (including related parties)	(71,341)	19,085
Other operating liabilities	2,159	(20,467)
Total adjustments	<u>97,202</u>	<u>6,723</u>
Cash generated from operations	364,374	199,106
Interest received	1,466	1,017
Dividends received	7,837	20,325
Interest paid	(7,461)	(4,691)
Income tax paid	(46,711)	(71,600)
Net cash generated from operating activities	<u>319,505</u>	<u>144,157</u>
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	-	(30,000)
Acquisition of property, plant and equipment	(132,112)	(117,206)
Disposal of property, plant and equipment	26	-
Acquisition of intangible assets	-	(100)
Increase in other non-current assets	2,773	496
Increase in prepayments for business facilities	(11,158)	(51,608)
Net cash used in investing activities	<u>(140,471)</u>	<u>(198,418)</u>
Cash flows from financing activities:		
Increase in short-term loans	80,000	206,000
Decrease in short-term loans	(50,000)	-
Repayment of bonds	-	(1,100)
Long-term borrowings	75,000	-
Repayment of lease principal	(13,125)	(4,709)
Cash flows from (used for) financing activities	<u>91,875</u>	<u>200,191</u>
Effect of exchange rate changes	5,374	(1,195)
Increase in cash and cash equivalents	276,283	144,735
Cash and cash equivalents, beginning of the period	828,178	683,514
Cash and cash equivalents, end of the period	<u><u>\$ 1,104,461</u></u>	<u><u>828,249</u></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 Six Months Ended June 30, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

I. History and Organization

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

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

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

The consolidated financial statements were approved and issued on August 9, 2022, 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 (hereinafter referred to as the "FSC")

Since January 1, 2022, the consolidated company has adopted below newly amended IFRSs which does 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"

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

The following new amendments to IFRSs will take effect from January 1, 2023, and the possible impact is explained as follows:

1. Amendment to IAS 1 "Disclosure of Accounting Policies"

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

The Amendments to IAS 1 include:

- A Company is now required to disclose its material accounting policy information instead of its significant accounting policies;
- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not to be disclosed; and
- Not all accounting policy information that relates to material transactions, other events or conditions is material to the Company's financial statements.

The consolidated company is assessing and reviewing the accounting policies that should be disclosed in the consolidated financial statements on an ongoing basis to comply with the amendment.

2. Others

It is expected that the following new amended standards will not have a material impact on the consolidated financial statements.

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

(III) Newly issued and amended standards and interpretations yet to be endorsed by the FSC

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"
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”

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

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

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, 2021. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2021 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		
			2022.6.30	2021.12.31	2021.6.30
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%	100%
The Company Ltd.	Apaq Technology (Hubei) Co., (Apaq Hubei)	Production and sales of electronic products	100%	100%	100%
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	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,

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

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, 2021.

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, 2021. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2021 for relevant information.

(I) Cash and cash equivalents

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Cash and demand deposit	\$ 1,060,178	741,236	741,997
Time deposits	44,283	86,942	86,252
Cash and cash equivalents	<u>\$ 1,104,461</u>	<u>828,178</u>	<u>828,249</u>

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

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

1. Current:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Domestic listed stocks	<u>\$ 134,235</u>	<u>138,239</u>	<u>136,590</u>

2. Non-current:

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	\$ 28,230	37,132	37,477
Inpaq Korea Co., Ltd.	1,543	1,827	1,556
Element I Venture Capital Co., Ltd.	15,300	17,895	18,043
Kuan Kun Electronic Enterprise Co., Ltd.	65,943	61,234	58,887
AICP Technology Corporation	924	1,143	1,396
Yuanxin Semiconductor Co., Limited	22,264	10,576	9,406
	<u>\$ 134,204</u>	<u>129,807</u>	<u>126,765</u>

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

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

	2022.6.30			2021.12.31			2021.6.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	\$ 1,017	29.72	30,225	1,017	27.68	28,151	1,017	27.86	28,334

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

The consolidated company recognized dividend income of NT\$7,837 thousand and NT\$20,325 thousand for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the six months ended June 30, 2022 and 2021, respectively.

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

	2022.6.30	2021.12.31	2021.6.30
Notes receivable	\$ 45,631	35,347	40,936
Accounts receivable	905,344	1,059,782	959,029
Accounts receivable - related parties	50,329	49,460	47,764
	<u>\$ 1,001,304</u>	<u>1,144,589</u>	<u>1,047,729</u>

The consolidated company adopts a simplified method to estimate the expected credit loss for all accounts receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these accounts 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.

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

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

	2022.6.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 990,020	0%	-
Past due 1-90 days	11,284	0%	-
Total	<u>\$ 1,001,304</u>		<u>-</u>

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

	2021.6.30		
	Carrying amount of accounts receivable (including related parties)	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 1,034,986	0%	-
Past due 1-90 days	12,743	0%	-
Total	<u>\$ 1,047,729</u>		<u>-</u>

No impairment loss has been provided by the consolidated company for receivables (including related parties) for the three months and six months ended June 30, 2022 and 2021.

(IV) Inventories, net

	2022.6.30	2021.12.31	2021.6.30
Raw materials	\$ 216,658	214,255	249,615
Work in process and semi-finished products	65,639	79,376	69,493
Finished goods and commodity	539,900	403,543	280,025
	<u>\$ 822,197</u>	<u>697,174</u>	<u>599,133</u>

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Cost of goods sold	\$ 422,216	516,461	988,968	996,048
Loss on market value decline and obsolete and slow-moving inventories	-	-	-	-
	<u>\$ 422,216</u>	<u>516,461</u>	<u>988,968</u>	<u>996,048</u>

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

(V) Investments accounted for under the equity method

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

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Associate	<u>\$ 84,329</u>	<u>83,075</u>	<u>76,171</u>

Share attributable to the consolidated company:

	<u>April to June, 2022</u>	<u>April to June, 2021</u>	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Net (loss) income	\$ (595)	168	(888)	1,199
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	<u>\$ (595)</u>	<u>168</u>	<u>(888)</u>	<u>1,199</u>

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment and others</u>	<u>Constructi on in progress and equipment to be tested</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2022	\$ 374,665	1,788,724	179,724	225,930	2,569,043
Additions	-	37,939	11,828	95,253	145,020
Disposals and obsolescence	-	(1,711)	(253)	-	(1,964)
Reclassifications	-	67,320	3,100	(70,420)	-
Transfer fees	-	-	-	(448)	(448)
Effect of exchange rate changes	6,993	31,769	2,228	3,959	44,949
Balance as of June 30, 2022	<u>\$ 381,658</u>	<u>1,924,041</u>	<u>196,627</u>	<u>254,274</u>	<u>2,756,600</u>
Balance as of January 1, 2021	\$ 363,157	1,604,911	130,737	131,927	2,230,732
Additions	4,092	35,194	6,495	119,481	165,262
Disposals and obsolescence	-	(5,370)	(902)	-	(6,272)
Reclassifications	8,814	62,864	11,173	(83,992)	(1,141)
Effect of exchange rate changes	(4,373)	(18,651)	(1,041)	(1,486)	(25,551)
Balance as of June 30, 2021	<u>\$ 371,690</u>	<u>1,678,948</u>	<u>146,462</u>	<u>165,930</u>	<u>2,363,030</u>

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

		Buildings	Machinery and equipment	Other equipment and others	Constructi on in progress and equipment to be tested	Total
Depreciation:						
Balance as of January 1, 2022	\$	166,899	974,161	97,478	-	1,238,538
Depreciation for the period		13,944	77,157	16,931	-	108,032
Disposals and obsolescence		-	(1,707)	(252)	-	(1,959)
Effect of exchange rate changes		3,119	17,544	1,084	-	21,747
Balance as of June 30, 2022	\$	183,962	1,067,155	115,241	-	1,366,358
Balance as of January 1, 2021	\$	140,357	834,470	72,578	-	1,047,405
Depreciation for the period		13,343	73,452	11,348	-	98,143
Disposals and obsolescence		-	(5,072)	(794)	-	(5,866)
Effect of exchange rate changes		(1,704)	(9,936)	(528)	-	(12,168)
Balance as of June 30, 2021	\$	151,996	892,914	82,604	-	1,127,514
Carrying Amount:						
June 30, 2022	\$	197,696	856,886	81,386	254,274	1,390,242
January 1, 2022	\$	207,766	814,563	82,246	225,930	1,330,505
June 30, 2021	\$	219,694	786,034	63,858	165,930	1,235,516

(VII) Right-of-use assets

		Land use rights	Buildings	Transport ation equipment	Total
Cost of right-of-use assets:					
Balance as of January 1, 2022	\$	11,631	39,940	1,567	53,138
Additions		-	15,645	-	15,645
Deduction		-	(22,637)	-	(22,637)
Effect of exchange rate changes		217	(30)	-	187
Balance as of June 30, 2022	\$	11,848	32,918	1,567	46,333
Balance as of January 1, 2021	\$	11,678	39,940	1,082	52,700
Additions		-	-	122	122
Deduction		-	-	(1,204)	(1,204)
Effect of exchange rate changes		(140)	-	-	(140)
Balance as of June 30, 2021	\$	11,538	39,940	-	51,478

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

	Land use rights	Buildings	Transport ation equipment	Total
Depreciation of right-of-use assets:				
Balance as of January 1, 2022	\$ 864	22,031	262	23,157
Depreciation for the period	147	12,858	261	13,266
Deduction	-	(14,177)	-	(14,177)
Effect of exchange rate changes	16	(19)	-	(3)
Balance as of June 30, 2022	<u>\$ 1,027</u>	<u>20,693</u>	<u>523</u>	<u>22,243</u>
Balance as of January 1, 2021	\$ 578	13,529	966	15,073
Depreciation for the period	143	4,488	238	4,869
Deduction	-	-	(1,204)	(1,204)
Effect of exchange rate changes	(6)	-	-	(6)
Balance as of June 30, 2021	<u>\$ 715</u>	<u>18,017</u>	<u>-</u>	<u>18,732</u>
Carrying amount of right-of-use assets:				
June 30, 2022	<u>\$ 10,821</u>	<u>12,225</u>	<u>1,044</u>	<u>24,090</u>
January 1, 2022	<u>\$ 10,767</u>	<u>17,909</u>	<u>1,305</u>	<u>29,981</u>
June 30, 2021	<u>\$ 10,823</u>	<u>21,923</u>	<u>-</u>	<u>32,746</u>

(VIII) Other assets - current and non-current

	2022.6.30	2021.12.31	2021.6.30
Prepayments for business facilities deposit	\$ 16,880	31,737	71,448
Business tax credit	27,783	29,744	52,714
Prepaid expenses	22,909	24,961	25,019
Deferred expenses	12,094	14,640	10,964
Prepayments for goods and others	8,972	6,830	444
	<u>\$ 88,638</u>	<u>107,912</u>	<u>160,589</u>

(IX) Intangible assets

	Computer software	Royalty fees	Total
Carrying Amount:			
June 30, 2022	<u>\$ 1,583</u>	<u>27,523</u>	<u>29,106</u>
January 1, 2022	<u>\$ 2,297</u>	<u>29,400</u>	<u>31,697</u>
June 30, 2021	<u>\$ 3,017</u>	<u>31,276</u>	<u>34,293</u>

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

There were no material additions, disposals, provision or reversal of impairment where the consolidated company's intangible assets were concerned for the six months ended June 30, 2022 and 2021. Please refer to Note XII for amortization amount for the period and Note VI(IX) of the consolidated financial statements for the year ended December 31, 2021 for other relevant information.

(X) Short-term loans

	<u>2022.6.30</u>	<u>2021.12.31</u>	<u>2021.6.30</u>
Unsecured bank loans	\$ <u>1,336,000</u>	<u>1,306,000</u>	<u>1,071,000</u>
Unused limit	\$ <u>638,612</u>	<u>713,966</u>	<u>943,684</u>
Interest rate range	<u>1.14%~</u> <u>1.4502%</u>	<u>0.88%~</u> <u>1.1%</u>	<u>0.88%~</u> <u>1.0001%</u>

(XI) Long-term loans

	<u>2022.6.30</u>	<u>2021.12.31</u>
Unsecured bank loans	\$ <u>85,000</u>	<u>10,000</u>
Unused limit	\$ <u>715,000</u>	<u>790,000</u>
Interest rate range	<u>1.5714%~</u> <u>1.575%</u>	<u>1.31978%</u>

(XII) Convertible bonds payable

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:

	<u>2021.12.31</u>	<u>2021.6.30</u>
Total amount of issuing convertible corporate bonds	\$ 250,000	250,000
Less: Unamortized payable corporate bond discount	-	-
Less: Accumulated converted ordinary shares	(248,900)	(248,900)
Less: Repayment upon maturity	(1,100)	(1,100)
Balance of bonds payable at the end of the period	\$ <u>-</u>	<u>-</u>
	<u>April to</u> <u>June, 2021</u>	<u>January to</u> <u>June, 2021</u>
Interest expense	\$ <u>-</u>	<u>1,107</u>

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 price was NT\$56.2 on April 27, 2021 (maturity date).

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

For the period from January 1 to April 27, 2021 (maturity date), a nominal amount of NT\$248,862 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.

For other relevant information of unsecured convertible corporate bonds of the Company, please refer to Note VI(XXII) of the consolidated financial statements for the year ended December 31, 2021.

(XIII) Lease liabilities

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

	2022.6.30	2021.12.31	2021.6.30
Current	<u>\$ 10,541</u>	<u>7,985</u>	<u>8,394</u>
Non-current	<u>\$ 2,867</u>	<u>11,502</u>	<u>13,802</u>

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

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Interest expense of lease liabilities	<u>\$ 75</u>	<u>68</u>	<u>174</u>	<u>143</u>
Expense for leases of low-value items	<u>\$ 24</u>	<u>18</u>	<u>43</u>	<u>36</u>

The amounts recognized in the statements of cash flows are:

	January to June, 2022	January to June, 2021
Total cash outflow for lease	<u>\$ 13,342</u>	<u>4,888</u>

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings as of June 30, 2022 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.

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

These leases are for low-value assets, and the consolidated company chooses to apply the exemption recognition requirement instead of recognizing the right-of-use assets and lease liabilities.

(XIV) Employee benefits

For pension expenses of the consolidated company for the three months and six months ended June 30, 2022 and 2021, please refer to Note XII for details.

(XV) Income tax

1. Income tax expense

The amount of the consolidated company's income tax expenses for the three months and six months ended June 30, 2022 and 2021 were as follows:

	<u>April to June, 2022</u>	<u>April to June, 2021</u>	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Current income tax expenses	\$ 51,477	35,674	79,835	59,100
Current income tax from adjustment of prior period	<u>(10,823)</u>	<u>(11,003)</u>	<u>(10,823)</u>	<u>(11,003)</u>
Current income tax expenses	<u><u>\$ 40,654</u></u>	<u><u>24,671</u></u>	<u><u>69,012</u></u>	<u><u>48,097</u></u>

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

	<u>April to June, 2022</u>	<u>April to June, 2021</u>	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Exchange differences on translation of foreign operations	<u><u>\$ (8,336)</u></u>	<u><u>(2,861)</u></u>	<u><u>(8,453)</u></u>	<u><u>(4,913)</u></u>

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

(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 six months ended June 30, 2022 and 2021. Please refer to Note VI(XVI) of the consolidated financial statements for the year ended December 31, 2021 for details.

1. Share capital

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

	<u>Ordinary shares</u>	
	<u>January to June, 2022</u>	<u>January to June, 2021</u>
Balance as of January 1	88,954	84,525
Conversion of convertible corporate bonds	-	4,429
Balance as of June 30	<u><u>88,954</u></u>	<u><u>88,954</u></u>

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

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.

2. Capital surplus

	2022.6.30	2021.12.31	2021.6.30
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	117	117
Treasury stock transactions	3,642	3,642	3,642
Premium from conversion of corporate bonds to common stocks	433,380	433,380	433,380
	<u>\$ 765,757</u>	<u>765,757</u>	<u>765,757</u>

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 June 21, 2022 and August 24, 2021, respectively. Information on dividends appropriated to owners is as follows:

	2021	2020
	Dividends per share	Dividends per share
	Amount	Amount
Dividends distributed to owners of ordinary shares:		
Cash (NT\$)	\$ 2 <u>177,907</u>	1.9 <u>169,012</u>

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. Information will be available at the Market Observation Post System (MOPS).

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

(XVII) Earnings per Share (EPS)

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Basic EPS:				
Net income attributable to the Company	\$ 113,188	74,177	198,160	144,286
Weighted-average number of ordinary shares (in thousands)	88,954	88,681	88,954	86,701
Basic EPS (NT\$)	\$ 1.27	0.84	2.23	1.66
Diluted EPS:				
Net income attributable to the Company	\$ 113,188	74,177	198,160	144,286
Post-tax interest on convertible corporate bonds	-	-	-	886
Net income attributable to share capital of common stocks	\$ 113,188	74,177	198,160	145,172
Weighted-average number of ordinary shares (in thousands)	88,954	88,681	88,954	86,701
Effect of potential diluted ordinary shares:				
Employee compensation to be distributed in stocks	237	268	573	420
Convertible corporate bonds	-	272	-	2,253
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	89,191	89,221	89,527	89,374
Diluted EPS (NT\$)	\$ 1.27	0.83	2.21	1.62

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

(XVIII) Revenue of customer contract

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Major regional markets				
China	\$ 556,425	667,539	1,237,508	1,285,184
Taiwan	36,426	42,286	88,554	78,927
Other Countries	7,793	340	10,676	741
	<u>\$ 600,644</u>	<u>710,165</u>	<u>1,336,738</u>	<u>1,364,852</u>
Major products				
Coiled conductive polymer solid state capacitors	\$ 455,231	568,226	1,037,435	1,116,763
Chip-type conductive polymer solid state capacitors	145,413	141,939	299,303	248,089
	<u>\$ 600,644</u>	<u>710,165</u>	<u>1,336,738</u>	<u>1,364,852</u>

(XIX) Employee compensations and remuneration for Directors

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

The Company accrued NT\$11,659 thousand, NT\$7,522 thousand, NT\$21,848 thousand, and NT\$15,972 thousand as employee compensation and NT\$3,429 thousand, NT\$2,213 thousand, NT\$6,426 thousand, and NT\$4,698 thousand as remuneration for Directors for the three months and six months ended June 30, 2022 and 2021, respectively. These amounts were calculated using the Company's pre-tax income before deducting for employee compensation and remuneration for Directors multiplied by the percentages which are stated under the Company's Article of Incorporation. The amounts were recognized as operating costs or operating expenses for the periods. Difference between amount distributed and accrued will be regarded as changes in accounting estimates and reflected in profit or loss in the following year. If 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, 2021 were NT\$33,222 thousand and NT\$9,760 thousand respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

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

(XX) Non-operating income and expenses

1. Other gains and losses, net

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Dividend income	\$ 7,837	20,325	7,837	20,325
Subsidy income	7,025	2,724	13,555	7,190
Gains (losses) on disposal of property, plant and equipment	(4)	-	21	(406)
Others	(213)	573	640	1,208
	<u>\$ 14,645</u>	<u>23,622</u>	<u>22,053</u>	<u>28,317</u>

2. Finance costs

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Interest expenses of corporate bonds	\$ -	-	-	1,107
Interest expenses of loans	4,152	2,456	7,587	4,680
Interest expense of lease liabilities	75	68	174	143
	<u>\$ 4,227</u>	<u>2,524</u>	<u>7,761</u>	<u>5,930</u>

3. Interest income

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Interests on bank deposits	\$ 728	672	1,460	1,012
Other interest income	2	1	6	5
	<u>\$ 730</u>	<u>673</u>	<u>1,466</u>	<u>1,017</u>

(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 consolidated financial statements for the year ended December 31, 2021 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

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

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 June 30, 2022, December 31 and June 30, 2021, 43%, 43%, and 45%, 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.

Other receivable - related parties and time deposits are the financial assets having 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, 2021 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
June 30, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 1,336,000	1,337,961	1,337,961	-	-
Accounts payable (including related parties)	355,166	355,166	355,166	-	-
Payroll and bonus payable	130,537	130,537	130,537	-	-
Payables on equipment	27,886	27,886	27,886	-	-
Dividends payable	177,907	177,907	177,907	-	-
Lease liabilities (including current and non-current)	13,408	13,507	7,758	2,868	2,881
Accrued expense (recorded as other current liabilities)	65,921	65,921	65,921	-	-
Long-term loans	85,000	89,999	660	678	88,661
	\$ 2,191,825	2,198,884	2,103,796	3,546	91,542

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and 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>
December 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 1,306,000	1,307,603	1,307,603	-	-
Accounts payable (including related parties)	416,528	416,528	416,528	-	-
Payroll and bonus payable	132,018	132,018	132,018	-	-
Payables on equipment	40,938	40,938	40,938	-	-
Lease liabilities (including current and non-current)	19,487	19,786	4,457	3,707	11,622
Accrued expense (recorded as other current liabilities)	61,334	61,334	61,334	-	-
Long-term loans	10,000	10,500	65	67	10,368
	<u>\$ 1,986,305</u>	<u>1,988,707</u>	<u>1,962,943</u>	<u>3,774</u>	<u>21,990</u>
June 30, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 1,071,000	1,072,209	1,072,209	-	-
Accounts payable (including related parties)	444,216	444,216	444,216	-	-
Payroll and bonus payable	80,382	80,382	80,382	-	-
Payables on equipment	61,872	61,872	61,872	-	-
Lease liabilities (including current and non-current)	22,196	22,589	4,532	4,071	13,986
Accrued expense (recorded as other current liabilities)	68,719	68,719	68,719	-	-
	<u>\$ 1,748,385</u>	<u>1,749,987</u>	<u>1,731,930</u>	<u>4,071</u>	<u>13,986</u>

Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and 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:

Exchange Rate Risk - US\$ as follows:										
2022.6.30					2021.12.31			2021.6.30		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	47,394	29.72	1,408,550	46,768	27.68	1,294,538	43,727	27.860	1,218,234
RMB		63,450	4.4283	280,976	64,870	4.3471	281,996	56,653	4.3126	244,322
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		1,936	29.72	57,538	2,550	27.68	70,584	3,172	27.860	88,372

(2) Sensitivity analysis

The consolidated company's exposure to foreign currency risk mainly arises from exchange gains and losses of cash, receivables, short-term loans, accounts payable, and other payables that are denominated in US dollars and RMB. Changes in net income for the three months ended June 30, 2022 and 2021 due to depreciation or appreciation of NTD against USD and RMB as of June 30, 2022 and 2021 with all other variables held constant were as follows:

	Range of the fluctuations	January to June, 2022	January to June, 2021
TWD exchange rate	1% depreciation against USD	\$ <u>10,808</u>	<u>9,039</u>
	1% appreciation against USD	\$ <u>(10,808)</u>	<u>(9,039)</u>
	1% depreciation against RMB	\$ <u>2,248</u>	<u>1,955</u>
	1% appreciation against RMB	\$ <u>(2,248)</u>	<u>(1,955)</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 (losses) (including realized and unrealized) for the three months and six months ended June 30, 2022 and 2021 were NT\$62,673 thousand, NT\$(28,554) thousand, NT\$104,471 thousand, and NT\$(26,671) thousand, respectively.

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

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 six months ended June 30, 2022 and 2021 due to changes in interest rate with all other variables held constant were as follows:

	Range of the fluctuations	January to June, 2022	January to June, 2021
Annual borrowing rate	Increase of 1%	\$ (5,684)	(4,284)
	Decrease of 1%	\$ 5,684	4,284

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 June, 2022		January to June, 2021	
Securities price on reporting date	Other comprehensive income, net of tax	Net income for the period	Other comprehensive income, net of tax	Net income for the period
Increase of 1%	\$ 2,684	-	2,634	-
Decrease of 1%	(2,684)	-	(2,634)	-

6. Fair value and information

(1) Type and fair value of financial instruments

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

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

		2022.6.30			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 134,235</u>	<u>134,235</u>	<u>-</u>	<u>-</u>	<u>134,235</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 134,204</u>	<u>-</u>	<u>-</u>	<u>134,204</u>	<u>134,204</u>
		2021.12.31			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 138,239</u>	<u>138,239</u>	<u>-</u>	<u>-</u>	<u>138,239</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 129,807</u>	<u>-</u>	<u>-</u>	<u>129,807</u>	<u>129,807</u>
		2021.6.30			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 136,590</u>	<u>136,590</u>	<u>-</u>	<u>-</u>	<u>136,590</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 126,765</u>	<u>-</u>	<u>-</u>	<u>126,765</u>	<u>126,765</u>

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

(2) Fair value valuation technique of financial instruments at fair value

If the financial instruments held by the consolidated company belong to an inactive market, the fair value is estimated using the net asset value method and the market approach. 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; the market approach is based on the price-to-book value ratio and price-to-earning ratio of the same trade concerned.

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

(4) 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, 2022	\$ 129,807
Recognized in other comprehensive income	4,397
Balance as of June 30, 2022	<u>\$ 134,204</u>
Balance as of January 1, 2021	\$ 136,944
Recognized in other comprehensive income	(10,179)
Balance as of June 30, 2021	<u>\$ 126,765</u>

The abovementioned total gain or loss is recorded and reported under “unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income.”

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

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	<ul style="list-style-type: none"> • Net asset value • Marketability discount (10~20% for June 30, 2022, December 31, 2021, and June 30, 2021) 	<ul style="list-style-type: none"> • The higher the value of net asset, the higher the fair value • 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 (1.17~4.16 for June 30, 2022) • Price-to-earnings ratio (12.12~15.03 for June 30, 2022) • Marketability discount (15% for June 30, 2022) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the price-to-earnings 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, 2021.

(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, 2021. 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, 2021. For relevant information, please refer to Note VI(XXIII) of the consolidated financial statements for the year ended December 31, 2021.

(XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the six months ended June 30, 2022 and 2021 were as follows:

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

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

3. Reconciliation of liabilities arising from financing activities were as follows:

		Non-cash changes			
		Change in			
	2022.1.1	Cash flow	Exchange fluctuations	Other changes	2022.6.30
Short-term loans	\$ 1,306,000	30,000	-	-	1,336,000
Lease liabilities	19,487	(13,125)	1	7,045	13,408
Long-term loans	10,000	75,000	-	-	85,000
	\$ 1,335,487	91,875	1	7,045	1,434,408

		Non-cash changes			
		Change in			
	2021.1.1	Cash flow	Exchange fluctuations	Other changes	2021.6.30
Short-term loans	\$ 865,000	206,000	-	-	1,071,000
Second issuance of convertible corporate bonds	248,676	(1,100)	-	(247,576)	-
Lease liabilities	26,783	(4,709)	-	122	22,196
	\$ 1,140,459	200,191	-	(247,454)	1,093,196

VII. Related Party Transactions

(I) Related parties' name and relationships

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

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

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

(II) Significant transactions with related parties

1. Operating revenue

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Shenzhen Gather Electronics Science Co., Ltd.	\$ -	25,337	-	37,220
Hubei Gather Electronics Science Co., Ltd.	19,117	-	37,308	-
	<u>\$ 19,117</u>	<u>25,337</u>	<u>37,308</u>	<u>37,220</u>

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

2. Purchases

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Shenzhen Gather Electronics Science Co., Ltd.	\$ -	2,703	-	4,526
Hubei Gather Electronics Science Co., Ltd.	5,017	-	7,122	-
	<u>\$ 5,017</u>	<u>2,703</u>	<u>7,122</u>	<u>4,526</u>

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	2022.6.30	2021.12.31	2021.6.30
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	\$ -	22,637	47,103
	Hubei Gather Electronics Science Co., Ltd.	50,329	26,161	-
		<u>\$ 50,329</u>	<u>48,798</u>	<u>47,103</u>

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

4. Payables to related parties

Financial Statement				
Account	Category of related parties	2022.6.30	2021.12.31	2021.6.30
Accounts payable	Shenzhen Gather Electronics Science Co., Ltd.	\$ -	-	4,163
	Hubei Gather Electronics Science Co., Ltd.	7,440	5,430	-
		\$ 7,440	5,430	4,163

5. Other transactions

The consolidated company engaged in contracts associated with winding machines with related parties. Service income generated were NT\$211 thousand, NT\$632 thousand, NT\$843 thousand and NT\$1,264 thousand for the three months and six months ended June 30, 2022 and 2021, respectively. As of June 30, 2022, December 31 and June 30, 2021, receivables from related parties from the above transactions amounted to NT\$0 thousand, NT\$662 thousand, and NT\$661 thousand, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	April to June, 2022	April to June, 2021	January to June, 2022	January to June, 2021
Short-term employee benefits	\$ 13,039	13,271	24,954	21,040
Post-employment benefits	108	108	216	211
	\$ 13,147	13,379	25,170	21,251

VIII. Pledged Assets: None.

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:

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

Function Type	April to June, 2022			April to June, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	86,747	53,726	140,473	70,512	45,666	116,178
Labor and health insurance expense	314	1,965	2,279	337	1,819	2,156
Pension expense	250	1,103	1,353	240	1,035	1,275
Other employee benefits expenses	1,773	1,635	3,408	1,200	2,118	3,318
Depreciation	52,888	6,387	59,275	40,828	10,834	51,662
Amortization	220	1,078	1,298	30	1,271	1,301

Function Type	January to June, 2022			January to June, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	170,431	107,733	278,164	123,547	93,383	216,930
Labor and health insurance expense	645	4,792	5,437	651	3,678	4,329
Pension expense	497	2,172	2,669	417	2,032	2,449
Other employee benefits expenses	3,101	3,763	6,864	2,322	3,797	6,119
Depreciation	103,312	17,986	121,298	81,497	21,515	103,012
Amortization	442	2,155	2,597	59	2,539	2,598

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	178,320	178,320	-	-	Business transaction	1,845,092		-		-	1,042,577	1,042,577
0	The Company	Apaq Hubei	Other accounts receivable - related parties	Yes	178,320	178,320	-	-	Short-term financing	-	Business Needs of Subsidiary	-		-	1,042,577	1,042,577

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

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

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

2. Endorsement or guarantee provided to others:

No.	Name of Endorsement/Guarantee Provider	Subject of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for A Single Party	Maximum Balance of Endorsements/Guarantees in Current Period	Endorsement and Guarantee Ending Balance	Amount Actually Drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsements/Guarantees to the Net Worth of the Most Recent Financial Statement	Maximum endorsement/guarantee amount allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee provided to subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apac Wuxi	Subsidiary	2,606,443	208,040	208,040	-	-	7.98%	2,606,443	Y	N	Y
0	The Company	Apac Hubei	Subsidiary	2,606,443	208,040	208,040	-	-	7.98%	2,606,443	Y	N	Y

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

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

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

Name of Held Company	Type and name of 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	134,235	4.64%	134,235	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	28,230	5.80%	28,230	
The Company	Inpac Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	1,543	10.73%	1,543	
The Company	Element I Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	1,800	15,300	3.64%	15,300	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income-non-current	3,770	65,943	5.39%	65,943	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income-non-current	240	924	3.20%	924	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	22,264	8.00%	22,264	

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 percent of the

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

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:

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		Remark
			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	937,8	99 %	60 days from end of month	-	Note 1	448,572	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:

Company Name	Name of the Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Periods (Note 2)	Loss Allowance
					Amount	Action taken		
ApaQ Wuxi	The Company	Parent-subsidiary company	448,572 (Note 1)	-	-	-	153,893	-

Note 1 : Related transactions and closing balances have been eliminated from the consolidated financial statements.

Note 2 : Amounts received as of July 20, 2022.

9. Trading in derivative instruments: None.

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	937,822	60 days from end of month	70%
0	The Company	ApaQ Wuxi	Parent company to a subsidiary	Sales	36,317	60 days from end of month	3%
0	The Company	ApaQ Wuxi	Parent company to a subsidiary	Accounts receivable	46,934	-	1%
0	The Company	ApaQ Wuxi	Parent company to a subsidiary	Accounts payable	448,572	-	9%

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

(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%	2,068,130	86,243	63,834	Subsidiary, Note 1 and Note 2
The Company	AiPAQ Technology	Taiwan	Production and sales of electronic components, etc.	30,000	30,000	3,000	30.00%	28,028	(4,698)	(1,409)	Associate
The Company	JDX Enterprise	Taiwan	Production and sales of electronic components, etc.	7,000	7,000	700	45.16%	4,965	(2,352)	(1,062)	Associate

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

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

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Name of Investee in Mainland China	Primary business activities	Paid-in Capital (Note 4)	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Current Income (Loss) of the Investee	The Company's Percentage of Direct or Indirect Ownership	Investment gains (losses) recognized in the current period	Carrying Amount of Investment at the End of Period	Ending balance of accumulated inward remittance of earnings	Remarks
					Outward Remittance (Note 4)	Recovery							
Apag Wuxi	Production and sales of electronic components, etc.	1,226,204 (USD41,700 thousand)	Note 1	1,293,1 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	88,568	100.00%	88,568 Note 3	2,071,120	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	44,283 (RMB10,000 thousand)	Note 1	44,8 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	2,871	35.00%	1,583 Note 4	51,336	-	
Apag Hubei	Production and sales of electronic components, etc.	238,260 (USD8,000 thousand)	Note 2	176,2 (USD6,000 thousand)	55,699	-	231,962 (USD8,000 thousand)	17,386	100.00%	17,393 Note 3	313,951	-	Note 5

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
1,569,973 (USD49,700 thousand and RMB9,800 thousand)	1,629,413 (USD51,700 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 : Related transactions and closing balances have been eliminated from the consolidated financial statements.

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

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 June 30, 2022, 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. Significant transactions:

Please refer to the “Information on Significant Transactions” for direct or indirect material transactions between the consolidated company and investees in China (which have been eliminated during the preparation of consolidated financial statements) for the six months ended June 30, 2022.

(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.	6,139,000	6.90%
Prosperity Dielectrics Co., Ltd.	5,280,000	5.93%
INPAQ Technology Co., Ltd.	4,776,329	5.36%
Walton Advanced Engineering, Inc.	4,591,000	5.16%

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

XIV. Operating segment information

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

**Notes to Consolidated Financial Statements of APAQ Technology Co., Ltd and
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statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheet for segment information.