

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

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

For the Nine Months Ended September 30, 2022 and 2021

**Address: 4F., No.2 & 6, Kedong 3rd Rd., Chunan Township, Miaoli County
Tel: (037)777-588**

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 its subsidiaries as of September 30, 2022 and 2021; the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, 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(V) of the consolidated financial statements, investments accounted for under the equity method of APAQ Technology Co., Ltd. and subsidiaries amounted to NT\$84,209 thousand and NT\$85,323 thousand as of September 30, 2022 and 2021, respectively. The share of profits (losses) of associates accounted for under the equity method were NT\$(2,052) thousand, NT\$2,261 thousand, NT\$(2,940) thousand and NT\$3,460 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 its subsidiaries as of September 30, 2022 and 2021, and its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021 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

CPAs:

Securities Competent Authority Approval No. Jin-Guan-Zheng-Shen-Zi No. 1020002066
November 11, 2022 : (88) Taiwan-Finance-Securities-VI-18311

**September 30, 2022 and 2021 Were Reviewed Only, Not Audited in Accordance with the
Generally Accepted Auditing Standards
APAQ TECHNOLOGY CO., LTD. and Subsidiaries**

Consolidated Balance Sheets

September 30, 2022, December 31 and September 30, 2021

Unit: NT\$ thousand

Assets		2022.9.30		2021.12.31		2021.9.30		Liabilities and Equity		2022.9.30		2021.12.31		2021.9.30	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents [Note VI(I)]	\$ 1,204,505	25	828,178	18	839,024	19	2100	Short-term loans [Note VI(X)]	\$ 1,236,000	26	1,306,000	28	1,286,000	29
1120	Financial assets at fair value through other comprehensive income - current [Note VI(II)]	108,095	2	138,239	3	115,395	3	2170	Accounts payable	212,401	4	411,098	9	449,473	10
1150	Notes receivable [Note VI(III)]	48,434	1	35,347	1	35,419	1	2180	Accounts payable - related parties [Note VII]	4,964	-	5,430	-	6,456	-
1170	Accounts receivable [Note VI(III)]	761,398	16	1,059,782	23	1,005,101	22	2201	Payroll and bonus payable	117,959	2	132,018	3	112,132	2
1180	Accounts receivable - related parties [Notes VI(III) & VII]	53,820	1	49,460	1	49,430	1	2213	Payables on equipment	42,433	1	40,938	1	37,468	1
1310	Inventories, net [Note VI(IV)]	816,045	17	697,174	15	657,969	15	2280	Lease liabilities - current [Note VI(XIII)]	5,493	-	7,985	-	8,546	-
1479	Other current assets [Note VI(VIII)]	51,593	1	61,535	1	73,254	2	2399	Other current liabilities	140,185	3	124,865	3	113,966	3
		<u>3,043,890</u>	<u>63</u>	<u>2,869,715</u>	<u>62</u>	<u>2,775,592</u>	<u>63</u>			<u>1,759,435</u>	<u>36</u>	<u>2,028,334</u>	<u>44</u>	<u>2,014,041</u>	<u>45</u>
Non-current assets:								Non-current liabilities:							
1517	Financial assets at fair value through other comprehensive income - non-current [Note VI(II)]	137,633	3	129,807	3	127,680	3	2540	Long-term loans [Note VI(XI)]	375,000	8	10,000	-	10,000	-
1550	Investments accounted for under the equity method [Note VI(V)]	84,209	2	83,075	2	85,323	2	2580	Lease liabilities - non-current [Note VI(XIII)]	1,835	-	11,502	-	13,319	-
1600	Property, plant and equipment [Note VI(VI)]	1,402,601	29	1,330,505	29	1,268,136	28			<u>376,835</u>	<u>8</u>	<u>21,502</u>	<u>-</u>	<u>23,319</u>	<u>-</u>
1755	Right-of-use assets [Note VI(VII)]	18,079	-	29,981	1	32,295	1		Total Liabilities	<u>2,136,270</u>	<u>44</u>	<u>2,049,836</u>	<u>44</u>	<u>2,037,360</u>	<u>45</u>
1780	Intangible assets [Note VI(IX)]	27,809	1	31,697	1	32,991	1	Equity [Note VI(XII) & (XVI)]:							
1840	Deferred income tax assets	41,014	1	54,401	1	52,585	1	3100	Share capital	889,535	19	889,535	19	889,535	20
1920	Refundable deposits	23,352	-	26,263	-	25,998	-	3200	Capital surplus	765,757	16	765,757	17	765,757	17
1990	Other non-current assets [Note VI(VIII)]	25,197	1	46,377	1	66,213	1	3300	Retained earnings	1,119,334	23	995,384	22	918,711	21
		<u>1,759,894</u>	<u>37</u>	<u>1,732,106</u>	<u>38</u>	<u>1,691,221</u>	<u>37</u>	3400	Other equity	(67,461)	(1)	(98,691)	(2)	(144,550)	(3)
		<u>\$ 4,803,784</u>	<u>100</u>	<u>4,601,821</u>	<u>100</u>	<u>4,466,813</u>	<u>100</u>	3500	Treasury stocks	(39,651)	(1)	-	-	-	-
									Total equity	<u>2,667,514</u>	<u>56</u>	<u>2,551,985</u>	<u>56</u>	<u>2,429,453</u>	<u>55</u>
									Total liabilities and equity	<u>\$ 4,803,784</u>	<u>100</u>	<u>4,601,821</u>	<u>100</u>	<u>4,466,813</u>	<u>100</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 Comprehensive Income

July 1 to September 30, 2022 and 2021 and January 1 to September 30, 2022 and 2021

Unit: NT\$ thousand

	July to September, 2022		July to September, 2021		January to September 2022		January to September 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Net sales revenue [Notes VI(XVIII) & VII]	\$ 518,907	100	722,491	100	1,855,645	100	2,087,343	100
5110 Cost of goods sold [Notes VI(IV),(XIX) & VII]	376,096	72	525,652	73	1,365,064	74	1,521,700	73
5950 Gross profit	<u>142,811</u>	<u>28</u>	<u>196,839</u>	<u>27</u>	<u>490,581</u>	<u>26</u>	<u>565,643</u>	<u>27</u>
6000 Operating expenses [Notes VI(XIX) & VII]:								
6100 Selling expenses	26,707	5	25,086	3	81,839	4	72,258	3
6200 Administrative expenses	49,385	10	41,674	6	148,309	8	120,825	6
6300 Research and development expenses	23,887	5	23,498	3	69,770	4	71,528	3
Total operating expenses	<u>99,979</u>	<u>20</u>	<u>90,258</u>	<u>12</u>	<u>299,918</u>	<u>16</u>	<u>264,611</u>	<u>12</u>
6900 Operating profit	<u>42,832</u>	<u>8</u>	<u>106,581</u>	<u>15</u>	<u>190,663</u>	<u>10</u>	<u>301,032</u>	<u>15</u>
7000 Non-operating income and expenses:								
7020 Other gains and losses [Notes VI(XX)]	12,640	2	5,635	1	34,693	2	33,952	2
7050 Finance costs [Notes VI(XII), (XIII) & (XX)]	(5,410)	(1)	(2,869)	-	(13,171)	(1)	(8,799)	-
7060 Share of profit (loss) of associates accounted for under the equity method [Note VI(V)]	(2,052)	-	2,261	-	(2,940)	-	3,460	-
7100 Interest income [Notes VI(XX)]	541	-	660	-	2,007	-	1,677	-
7230 Foreign exchange gain (loss), net [Note VI(XXI)]	89,711	17	1,605	-	194,182	10	(25,066)	(1)
Non-operating income and expenses, net	<u>95,430</u>	<u>18</u>	<u>7,292</u>	<u>1</u>	<u>214,771</u>	<u>11</u>	<u>5,224</u>	<u>1</u>
7900 Net profit before income tax	<u>138,262</u>	<u>26</u>	<u>113,873</u>	<u>16</u>	<u>405,434</u>	<u>21</u>	<u>306,256</u>	<u>16</u>
7950 Less: Income tax expense [Note VI(XV)]	<u>34,565</u>	<u>7</u>	<u>28,465</u>	<u>4</u>	<u>103,577</u>	<u>6</u>	<u>76,562</u>	<u>3</u>
8200 Net income for the period	<u>103,697</u>	<u>19</u>	<u>85,408</u>	<u>12</u>	<u>301,857</u>	<u>15</u>	<u>229,694</u>	<u>13</u>
8300 Other comprehensive income:								
8310 Items that may not be reclassified subsequently to profit or loss								
8316 Unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income	(22,711)	(4)	(20,280)	(3)	(22,318)	(1)	(32,343)	(2)
Total of items that may not be reclassified subsequently to profit or loss	<u>(22,711)</u>	<u>(4)</u>	<u>(20,280)</u>	<u>(3)</u>	<u>(22,318)</u>	<u>(1)</u>	<u>(32,343)</u>	<u>(2)</u>
8360 Items that may be reclassified subsequently to profit or loss								
8361 Financial statements translation differences of foreign operations	24,670	5	(9,069)	(1)	66,935	4	(33,633)	(2)
8399 Less: Income tax related to items that may be reclassified [Note VI(XV)]	4,934	1	(1,814)	-	13,387	(1)	(6,727)	-
Total of items that may be reclassified subsequently to profit or loss	<u>19,736</u>	<u>4</u>	<u>(7,255)</u>	<u>(1)</u>	<u>53,548</u>	<u>3</u>	<u>(26,906)</u>	<u>(2)</u>
8300 Other comprehensive income, net of tax	<u>(2,975)</u>	<u>-</u>	<u>(27,535)</u>	<u>(4)</u>	<u>31,230</u>	<u>2</u>	<u>(59,249)</u>	<u>(4)</u>
Total comprehensive income for the period	<u>\$ 100,722</u>	<u>19</u>	<u>57,873</u>	<u>8</u>	<u>333,087</u>	<u>17</u>	<u>170,445</u>	<u>9</u>
Earnings per share (Unit: NT\$) [Note VI(XVII)]								
9750 Basic earnings per share	<u>\$ 1.17</u>		<u>0.96</u>		<u>3.39</u>		<u>2.63</u>	
9850 Diluted earnings per share	<u>\$ 1.16</u>		<u>0.95</u>		<u>3.36</u>		<u>2.58</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 Changes in Equity
January 1 to September 30, 2022 and 2021

Unit: NT\$ thousand

	Retained earnings						Other equity items			Treasury stocks	Total equity
	Share capital - common stocks	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Financial statements translation differences of foreign operations	Gains (losses) on equity instruments investment at fair value through other comprehensive income	Total		
Balance as of January 1, 2021	\$ 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)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	(169,012)	(169,012)	-	-	-	-	(169,012)
Reversal of special reserve	-	-	-	(36,462)	36,462	-	-	-	-	-	-
Conversion of convertible corporate bonds	44,287	204,395	-	-	-	-	-	-	-	-	248,682
Balance as of September 30, 2021	\$ 889,535	765,757	166,116	85,301	667,294	918,711	(113,377)	(31,173)	(144,550)	-	2,429,453
Balance as of January 1, 2022	\$ 889,535	765,757	166,116	85,301	743,967	995,384	(92,490)	(6,201)	(98,691)	-	2,551,985
Net income for the period	-	-	-	-	301,857	301,857	-	-	-	-	301,857
Other comprehensive income for the period	-	-	-	-	-	-	53,548	(22,318)	31,230	-	31,230
Total comprehensive income for the year	-	-	-	-	301,857	301,857	53,548	(22,318)	31,230	-	333,087
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)
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	(39,651)	(39,651)
Balance as of September 30, 2022	\$ 889,535	765,757	196,753	98,691	823,890	1,119,334	(38,942)	(28,519)	(67,461)	(39,651)	2,667,514

(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
January 1 to September 30, 2022 and 2021**

Unit: NT\$ thousand

	<u>January to September 2022</u>	<u>January to September 2021</u>
Cash flows from operating activities:		
Income before income tax for the period	\$ 405,434	306,256
Adjustments:		
Income and expenses having no effect on cash flows		
Depreciation	180,461	156,543
Amortization	3,895	3,898
Interest expense	13,171	8,799
Interest income	(2,007)	(1,677)
Dividend income	(11,229)	(23,246)
Share of corporate profit or loss recognized under the equity method	2,940	(3,460)
Losses (gains) on disposal of property, plant and equipment	(177)	397
Other non-cash expense (gain) items, net	434	881
Total income and expense items	<u>187,488</u>	<u>142,135</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	303,034	(41,990)
Inventories	(103,376)	(120,561)
Other operating assets	12,810	(18,722)
Accounts payable (including related parties)	(217,445)	32,800
Other operating liabilities	(9,161)	1,861
Total adjustments	<u>173,350</u>	<u>(4,477)</u>
Cash generated from operations	578,784	301,779
Interest received	2,007	1,677
Dividends received	11,229	23,246
Interest paid	(12,889)	(7,568)
Income tax paid	(96,731)	(110,634)
Net cash generated from operating activities	<u>482,400</u>	<u>208,500</u>
Cash flows from investing activities:		
Acquisition of investments accounted for under the equity method	-	(37,000)
Acquisition of property, plant and equipment	(170,077)	(218,925)
Disposal of property, plant and equipment	26	14
Decrease in refundable deposits	3,535	-
Acquisition of intangible assets	-	(100)
Decrease in other non-current assets	4,143	1,935
Increase in prepayments for business facilities	(11,351)	(48,459)
Net cash used in investing activities	<u>(173,724)</u>	<u>(302,535)</u>
Cash flows from financing activities:		
Increase in short-term loans	180,000	481,698
Decrease in short-term loans	(250,000)	(60,698)
Repayment of bonds	-	(1,100)
Proceeds from long-term loans	365,000	10,000
Repayment of lease principal	(18,561)	(7,081)
Cash dividends paid	(177,907)	(169,012)
Proceeds from buyback of treasury stocks	(39,651)	-
Net cash flows generated from (used in) financing activities	<u>58,881</u>	<u>253,807</u>
Effect of exchange rate changes	8,770	(4,262)
Increase in cash and cash equivalents	376,327	155,510
Cash and cash equivalents, beginning of the period	828,178	683,514
Cash and cash equivalents, end of the period	<u>\$ 1,204,505</u>	<u>839,024</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, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

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

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

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and issued on November 11, 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 consolidated company has evaluated that the aforementioned amendments effective on January 1, 2023, do not have a material impact on the consolidated financial statements.

- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

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 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"
- Amendments to IFRS 16 "Rules in a Sale and Leaseback 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").

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		
			2022.9.30	2021.12.31	2021.9.30
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%	100%
The Company	Apag Technology (Hubei) Co., Ltd. (Apag Hubei)	Production and sales of electronic products	100%	100%	100%
APAQ Samoa	Apag Technology (Wuxi) Co., Ltd. (Apag Wuxi)	Production and sales of electronic products	100%	100%	100%

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

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

(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, 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

	2022.9.30	2021.12.31	2021.9.30
Cash and demand deposit	\$ 1,159,785	741,236	753,138
Time deposits	44,720	86,942	85,886
Cash and cash equivalents	\$ 1,204,505	828,178	839,024

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

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

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

1. Current:

	2022.9.30	2021.12.31	2021.9.30
Domestic listed stocks	\$ 108,095	138,239	115,395

2. Non-current:

	2022.9.30	2021.12.31	2021.9.30
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited \$	27,680	37,132	36,849
Inpaq Korea Co., Ltd.	1,496	1,827	1,798
Element I Venture Capital Co., Ltd.	15,300	17,895	17,789
Kuan Kun Electronic Enterprise Co., Ltd.	64,737	61,234	59,404
AICP Technology Corporation	668	1,143	1,218
Yuanxin Semiconductor Co., Limited	27,752	10,576	10,622
	\$ 137,633	129,807	127,680

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

	2022.9.30			2021.12.31			2021.9.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD	\$ 1,017	31.75	32,290	1,017	27.68	28,151	1,017	27.85	28,323

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

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

	2022.9.30	2021.12.31	2021.9.30
Notes receivable	\$ 48,434	35,347	35,419
Accounts receivable	761,398	1,059,782	1,005,101
Accounts receivable - related parties	53,820	49,460	49,430
	\$ 863,652	1,144,589	1,089,950

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

	2022.9.30		
	Carrying amount of notes receivable and accounts receivable	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 850,555	0%	-
Past due 1-90 days	13,097	0%	-
Total	\$ 863,652		-

	2021.12.31		
	Carrying amount of notes receivable and accounts receivable	Ratio of loss on lifetime expected credit	Allowance of lifetime expected credit loss
Not past due	\$ 1,131,671	0%	-
Past due 1-90 days	12,918	0%	-
Total	\$ 1,144,589		-

	2021.9.30		
	Carrying amount of notes receivable and accounts receivable	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	\$ 1,089,950		-

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

(IV) Inventories, net

	2022.9.30	2021.12.31	2021.9.30
Raw materials	\$ 208,628	214,255	248,695
Work in process and semi-finished products	63,415	79,376	64,928
Finished goods and commodity	544,002	403,543	344,346
	\$ 816,045	697,174	657,969

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Cost of goods sold	\$ 376,096	525,652	1,365,064	1,521,700
Loss on market value decline and obsolete and slow-moving inventories	-	-	-	-
	\$ 376,096	525,652	1,365,064	1,521,700

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>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Associate	<u>\$ 84,209</u>	<u>83,075</u>	<u>85,323</u>

Share attributable to the consolidated company:

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Net income (loss)	\$ (2,052)	2,261	(2,940)	3,460
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	<u>\$ (2,052)</u>	<u>2,261</u>	<u>(2,940)</u>	<u>3,460</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	-	70,992	16,123	112,054	199,169
Disposals and obsolescence	-	(3,075)	(296)	(1,408)	(4,779)
Reclassifications	-	149,120	3,100	(152,795)	(575)
Effect of exchange rate changes	10,757	50,652	3,493	5,941	70,843
Balance on September 30, 2022	<u>\$ 385,422</u>	<u>2,056,413</u>	<u>202,144</u>	<u>189,722</u>	<u>2,833,701</u>
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
Disposals and obsolescence	-	(5,413)	(1,060)	-	(6,473)
Reclassifications	8,796	76,977	13,920	(100,831)	(1,138)
Effect of exchange rate changes	(5,930)	(25,456)	(1,479)	(2,327)	(35,192)
Balance on September 30, 2021	<u>\$ 370,107</u>	<u>1,699,766</u>	<u>157,208</u>	<u>214,850</u>	<u>2,441,931</u>

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

	<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>
Depreciation:					
Balance as of January 1, 2022	\$ 166,899	974,161	97,478	-	1,238,538
Depreciation for the period	19,804	116,586	25,319	-	161,709
Disposals and obsolescence	-	(3,501)	(295)	-	(3,796)
Effect of exchange rate changes	<u>4,962</u>	<u>27,845</u>	<u>1,842</u>	<u>-</u>	<u>34,649</u>
Balance on September 30, 2022	<u>\$ 191,665</u>	<u>1,115,091</u>	<u>124,344</u>	<u>-</u>	<u>1,431,100</u>
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
Disposals and obsolescence	-	(5,120)	(942)	-	(6,062)
Effect of exchange rate changes	<u>(2,360)</u>	<u>(13,667)</u>	<u>(750)</u>	<u>-</u>	<u>(16,777)</u>
Balance on September 30, 2021	<u>\$ 158,106</u>	<u>926,564</u>	<u>89,125</u>	<u>-</u>	<u>1,173,795</u>
Carrying Amount:					
September 30, 2022	<u>\$ 193,757</u>	<u>941,322</u>	<u>77,800</u>	<u>189,722</u>	<u>1,402,601</u>
January 1, 2022	<u>\$ 207,766</u>	<u>814,563</u>	<u>82,246</u>	<u>225,930</u>	<u>1,330,505</u>
September 30, 2021	<u>\$ 212,001</u>	<u>773,202</u>	<u>68,083</u>	<u>214,850</u>	<u>1,268,136</u>

(VII) Right-of-use assets

	<u>Land use rights</u>	<u>Buildings</u>	<u>Transport ation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2022	\$ 11,631	39,940	1,567	53,138
Additions	-	15,003	-	15,003
Disposals (contract expiration and early termination)	-	(22,637)	-	(22,637)
Effect of exchange rate changes	<u>334</u>	<u>104</u>	<u>-</u>	<u>438</u>
Balance on September 30, 2022	<u>\$ 11,965</u>	<u>32,410</u>	<u>1,567</u>	<u>45,942</u>
Balance as of January 1, 2021	\$ 11,678	39,940	1,082	52,700
Additions	-	474	1,689	2,163
Disposals (contract expiration)	-	(474)	(1,204)	(1,678)
Effect of exchange rate changes	<u>(190)</u>	<u>-</u>	<u>-</u>	<u>(190)</u>
Balance on September 30, 2021	<u>\$ 11,488</u>	<u>39,940</u>	<u>1,567</u>	<u>52,995</u>

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	220	18,140	392	18,752
Disposals (contract expiration and early termination)	-	(14,177)	-	(14,177)
Effect of exchange rate changes	27	104	-	131
Balance on September 30, 2022	<u>\$ 1,111</u>	<u>26,098</u>	<u>654</u>	<u>27,863</u>
Balance as of January 1, 2021	\$ 578	13,529	966	15,073
Depreciation for the period	213	6,732	369	7,314
Disposals (contract expiration)	-	(474)	(1,204)	(1,678)
Effect of exchange rate changes	(9)	-	-	(9)
Balance on September 30, 2021	<u>\$ 782</u>	<u>19,787</u>	<u>131</u>	<u>20,700</u>
Carrying amount of right-of-use assets:				
September 30, 2022	<u>\$ 10,854</u>	<u>6,312</u>	<u>913</u>	<u>18,079</u>
January 1, 2022	<u>\$ 10,767</u>	<u>17,909</u>	<u>1,305</u>	<u>29,981</u>
September 30, 2021	<u>\$ 10,706</u>	<u>20,153</u>	<u>1,436</u>	<u>32,295</u>

(VIII) Other assets - current and non-current

	2022.9.30	2021.12.31	2021.9.30
Prepayments for business facilities	\$ 14,390	31,737	56,721
Business tax credit	11,367	29,744	47,465
Prepaid expenses	27,944	24,961	25,040
Deferred expenses	10,807	14,640	9,491
Prepayments for goods and others	12,282	6,830	750
	<u>\$ 76,790</u>	<u>107,912</u>	<u>139,467</u>

(IX) Intangible assets

	Computer software	Royalty fees	Total
Carrying Amount:			
September 30, 2022	<u>\$ 1,224</u>	<u>26,585</u>	<u>27,809</u>
January 1, 2022	<u>\$ 2,297</u>	<u>29,400</u>	<u>31,697</u>
September 30, 2021	<u>\$ 2,653</u>	<u>30,338</u>	<u>32,991</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 nine months ended September 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>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Unsecured bank loans	<u>\$ 1,236,000</u>	<u>1,306,000</u>	<u>1,286,000</u>
Unused limit	<u>\$ 758,628</u>	<u>713,966</u>	<u>549,972</u>
Interest rate range	<u>1.29%~ 1.73%</u>	<u>0.88%~ 1.1%</u>	<u>0.88%~ 1.11%</u>

For the nine months ended September 30, 2022 and 2021, the amount of additions were NT\$180,000 thousand and NT\$481,698 thousand with interest rates of 1.31%~1.51% and 0.90%~1.10% and with maturity date from October 2022 to December 2022 and from October 2021 to January 2022, respectively; the repayment amounts were NT\$250,000 thousand and NT\$60,698 thousand, respectively.

(XI) Long-term loans

	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Unsecured bank loans	<u>\$ 375,000</u>	<u>10,000</u>	<u>10,000</u>
Unused limit	<u>\$ 425,000</u>	<u>790,000</u>	<u>440,000</u>
Loans, end	<u>\$ -</u>	<u>-</u>	<u>-</u>
Interest rate range	<u>1.325%~ 1.575%</u>	<u>1.31978%</u>	<u>1.31844%</u>

For the nine months ended September 30, 2022 and 2021, the amount of additions were NT\$365,000 thousand and NT\$10,000 thousand with interest rates of 1.325%~1.575% and 1.31978% and with maturity date from September 2026 to January 2027 and September 2026, respectively; there were no repayment as of September 30, 2022 and 2021.

(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>2021.9.30</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	<u>(1,100)</u>	<u>(1,100)</u>
Balance of bonds payable at the end of the period	<u>\$ -</u>	<u>-</u>

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

	July to September 2021	January to September, 2021
Interest expense	\$ -	1,107

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).

For the period from January 1 to September 30, 2021, 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\$204,935 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:

	2022.9.30	2021.12.31	2021.9.30
Current	\$ 5,493	7,985	8,546
Non-current	\$ 1,835	11,502	13,319

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

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Interest expense on lease liabilities	\$ 21	67	195	210
Expense for leases of low-value items	\$ 19	18	62	54

The amounts recognized in the statements of cash flows are:

	January to September 2022	January to September 2021
Total cash outflow for lease	\$ 18,818	7,345

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, 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. 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 nine months ended September 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 nine months ended September 30, 2022 and 2021 were as follows:

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Current income tax expenses \$	34,565	28,465	114,400	87,565
Current income tax from adjustment of prior period	-	-	(10,823)	(11,003)
	\$ 34,565	28,465	103,577	76,562

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

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Exchange differences on translation of foreign operations \$	4,934	(1,814)	13,387	(6,727)

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)

(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 nine months ended September 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):

	Ordinary shares	
	January to September 2022	January to September 2021
Balance as of January 1	88,954	84,525
Conversion of convertible corporate bonds	-	4,429
Balance as of September 30	88,954	88,954

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

	2022.9.30	2021.12.31	2021.9.30
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	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
	\$ 765,757	765,757	765,757

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.

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

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

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) after the resolution of the meeting is convened.

4. Treasury stocks

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

Unit: 1,000 shares

Reason for buyback	January to September 2022				Number of shares - ending
	Number of shares - beginning	Increase	Transfer	Cancelled	
Transfer to employees	-	982	-	-	982

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

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

(XVII) Earnings per Share (EPS)

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Basic EPS:				
Net income attributable to the Company	<u>\$ 103,697</u>	<u>85,408</u>	<u>301,857</u>	<u>229,694</u>
Weighted-average number of ordinary shares (in thousands)	<u>88,859</u>	<u>88,954</u>	<u>88,922</u>	<u>87,490</u>
Basic EPS (NT\$)	<u>\$ 1.17</u>	<u>0.96</u>	<u>3.39</u>	<u>2.63</u>
Diluted EPS:				
Net income attributable to the Company	\$ 103,697	85,408	301,857	229,694
Post-tax interest on convertible corporate bonds	-	-	-	886
Net income attributable to share capital of common stocks	<u>\$ 103,697</u>	<u>85,408</u>	<u>301,857</u>	<u>230,580</u>
Weighted-average number of ordinary shares (in thousands)	88,859	88,954	88,922	87,490
Effect of potential diluted ordinary shares:				
Employee compensation to be distributed in stocks	294	484	926	586
Convertible corporate bonds	-	-	-	1,463
Weighted-average number of outstanding shares for the calculation of diluted EPS (in thousands of shares)	<u>89,153</u>	<u>89,438</u>	<u>89,848</u>	<u>89,539</u>
Diluted EPS (NT\$)	<u>\$ 1.16</u>	<u>0.95</u>	<u>3.36</u>	<u>2.58</u>

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

(XVIII) Revenue of customer contract

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Major regional markets				
China	\$ 497,743	680,571	1,735,251	1,965,755
Taiwan	18,218	41,017	106,772	119,944
Other Countries	2,946	903	13,622	1,644
	<u>\$ 518,907</u>	<u>722,491</u>	<u>1,855,645</u>	<u>2,087,343</u>
Major products				
Coiled conductive polymer solid state capacitors	\$ 413,216	542,836	1,450,651	1,659,599
Chip-type conductive polymer solid state capacitors	105,691	179,655	404,994	427,744
	<u>\$ 518,907</u>	<u>722,491</u>	<u>1,855,645</u>	<u>2,087,343</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, if the Company has accumulated losses, it shall reserve a portion of the profit to offset the losses in advance. Parties eligible to receive the said compensation in the form of stock or cash shall include employees in affiliated companies who met certain conditions.

The accrued amount of compensation of employees for the three months and nine months ended September 30, 2022 and 2021 were NT\$11,759 thousand, NT\$9,184 thousand, NT\$33,607 thousand and NT\$25,156 thousand, respectively, and the estimate amount of compensation to directors and supervisors were NT\$3,458 thousand, NT\$2,701 thousand, NT\$9,884 thousand and NT\$7,399 thousand. The Company's net profit before tax for the period is estimated by multiplying the amount of the Company's net profit before issuing the compensation of employees and directors by the proportion of the Company's compensation distribution to employees and directors as expectedly provided in the Company's Articles of Incorporation, and is reported as operating costs or expenses for that period. 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.

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

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.

(XX) Non-operating income and expenses

1. Other gains and losses, net

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Dividend income	\$ 3,392	2,921	11,229	23,246
Subsidy income	8,928	1,865	22,483	9,055
Gains (losses) on disposal of property, plant and equipment	156	9	177	(397)
Others	164	840	804	2,048
	<u>\$ 12,640</u>	<u>5,635</u>	<u>34,693</u>	<u>33,952</u>

2. Finance costs

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Interest expenses of corporate bonds	\$ -	-	-	1,107
Interest expenses of loans	5,389	2,802	12,976	7,482
Interest expense of lease liabilities	21	67	195	210
	<u>\$ 5,410</u>	<u>2,869</u>	<u>13,171</u>	<u>8,799</u>

3. Interest income

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Interests on bank deposits	\$ 539	658	1,999	1,670
Other interest income	2	2	8	7
	<u>\$ 541</u>	<u>660</u>	<u>2,007</u>	<u>1,677</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.

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

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, 2022, December 31, 2021 and September 30, 2021, 39%, 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):

	<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>
September 30, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 1,236,000	1,238,306	1,238,306	-	-
Accounts payable (including related parties)	217,365	217,365	217,365	-	-
Payroll and bonus payable	117,959	117,959	117,959	-	-
Payables on equipment	42,433	42,433	42,433	-	-
Lease liabilities (including current and non-current)	7,328	7,393	3,288	2,263	1,842
Expenses payable (recorded as other current liabilities)	63,938	63,938	63,938	-	-
Long-term loans	375,000	396,462	2,652	2,726	391,084
	<u>\$ 2,060,023</u>	<u>2,083,856</u>	<u>1,685,941</u>	<u>4,989</u>	<u>392,926</u>

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
Expenses payable (recorded as other current liabilities)	61,334	61,334	61,334	-	-
Long-term loans	<u>10,000</u>	<u>10,500</u>	<u>65</u>	<u>67</u>	<u>10,368</u>
	<u>\$ 1,986,305</u>	<u>1,988,707</u>	<u>1,962,943</u>	<u>3,774</u>	<u>21,990</u>
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
Expenses payable (recorded as other current liabilities)	58,938	58,938	58,938	-	-
Long-term loans	<u>10,000</u>	<u>10,533</u>	<u>65</u>	<u>67</u>	<u>10,401</u>
	<u>\$ 1,982,332</u>	<u>1,984,954</u>	<u>1,957,139</u>	<u>3,939</u>	<u>23,876</u>

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:

	<u>2022.9.30</u>			<u>2021.12.31</u>			<u>2021.9.30</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>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 45,383	31.75	1,440,910	46,768	27.68	1,294,538	41,503	27.85	1,155,859
RMB	69,985	4.472	312,973	64,870	4.3471	281,996	53,587	4.2943	230,119
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	2,066	31.75	65,596	2,550	27.68	70,584	2,587	27.85	72,048

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 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 nine months ended September 30, 2022 and 2021 due to depreciation or appreciation of NTD against USD and RMB as of September 30, 2022 and 2021 with all other variables held constant were as follows:

	<u>Range of the fluctuations</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
TWD exchange rate	1% depreciation against USD	<u>\$ 11,003</u>	<u>8,670</u>
	1% appreciation against USD	<u>\$ (11,003)</u>	<u>(8,670)</u>
	1% depreciation against RMB	<u>\$ 2,504</u>	<u>1,841</u>
	1% appreciation against RMB	<u>\$ (2,504)</u>	<u>(1,841)</u>

(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 gains (losses) (including realized and unrealized) for the three months and nine months ended September 30, 2022 and 2021 were NT\$89,711 thousand, NT\$1,605 thousand, NT\$194,182 thousand, and NT\$(25,066) 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, 2022 and 2021 due to changes in interest rate with all other variables held constant were as follows:

	<u>Range of the fluctuations</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Annual borrowing rate	Increase by 1%	<u>\$ (9,666)</u>	<u>(7,776)</u>
	Decrease of 1%	<u>\$ 9,666</u>	<u>7,776</u>

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

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:

<u>Securities price as of the reporting date</u>	<u>January to September, 2022</u>		<u>January to September 2021</u>	
	<u>Other comprehensive income, net of tax</u>	<u>Net income for the period</u>	<u>Other comprehensive income, net of tax</u>	<u>Net income for the period</u>
Increase of 1%	\$ 2,457	-	2,431	-
Decrease of 1%	(2,457)	-	(2,431)	-

6. Fair value of financial instruments

(1) Type and fair value of financial instruments

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

	<u>2022.9.30</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 108,095</u>	<u>108,095</u>	<u>-</u>	<u>-</u>	<u>108,095</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 137,633</u>	<u>-</u>	<u>-</u>	<u>137,633</u>	<u>137,633</u>
	<u>2021.12.31</u>				
	<u>Carrying amount</u>	<u>Fair value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

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

	2021.9.30				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	<u>\$ 115,395</u>	<u>115,395</u>	<u>-</u>	<u>-</u>	<u>115,395</u>
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	<u>\$ 127,680</u>	<u>-</u>	<u>-</u>	<u>127,680</u>	<u>127,680</u>

- (2) Valuation techniques for financial instruments that are measured at fair value
- A. The redemption rights of embedded derivatives are based on an appropriate option pricing model.
- B. 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 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 measured at fair value through other comprehensive income - inactive market
Balance as of January 1, 2022	\$ 129,807
Recognized in other comprehensive income	7,826
Balance on September 30, 2022	<u>\$ 137,633</u>
Balance as of January 1, 2021	\$ 136,944
Recognized in other comprehensive income	(9,264)
Balance on September 30, 2021	<u>\$ 127,680</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.”

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

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

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

Item	Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income - non-current (inactive market)	Net asset value method	<ul style="list-style-type: none"> • Net asset value • Marketability discount (10% ~ 20% for 2022.9.30、2021.12.31 and 2021.9.30) 	<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 (1.21~4.12 for 2022.9.30) • Price-to-earning ratio (11.61~11.98 for 2022.9.30) • Marketability discount (15% for 2022.9.30) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value. • The higher the price-to-earning 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.

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

(XXIV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the nine months ended September 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).
3. Reconciliation of liabilities from financing activities was as follows:

	<u>2022.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2022.9.30</u>
			<u>Change in Exchange fluctuations</u>	<u>Other changes</u>	
Short-term loans	\$ 1,306,000	(70,000)	-	-	1,236,000
Lease liabilities	19,487	(18,561)	-	6,402	7,328
Long-term loans	10,000	365,000	-	-	375,000
	<u>\$ 1,335,487</u>	<u>276,439</u>	<u>-</u>	<u>6,402</u>	<u>1,618,328</u>

	<u>2021.1.1</u>	<u>Cash flow</u>	<u>Non-cash changes</u>		<u>2021.9.30</u>
			<u>Change in Exchange fluctuations</u>	<u>Other changes</u>	
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
	<u>\$ 1,140,459</u>	<u>422,819</u>	<u>-</u>	<u>(245,413)</u>	<u>1,317,865</u>

VII. Related Party Transactions

(I) Related parties' name and relationships

<u>Name of related party</u>	<u>Relationship with the consolidated company</u>
Shenzhen Gather Electronics Science Co., Ltd.	An associate to the consolidated company
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 Co., Ltd. Is a subsidiary controlled by Shenzhen Gather Electronics Science Co., Ltd.

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

(II) Significant transactions with related parties

1. Operating revenue

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Shenzhen Gather Electronics Science Co., Ltd.	\$ -	11,344	-	48,564
Hubei Gather Electronics Science Co., Ltd.	<u>19,268</u>	<u>1,494</u>	<u>56,576</u>	<u>1,494</u>
	<u>\$ 19,268</u>	<u>12,838</u>	<u>56,576</u>	<u>50,058</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

	<u>July to September 2022</u>	<u>July to September 2021</u>	<u>January to September 2022</u>	<u>January to September 2021</u>
Shenzhen Gather Electronics Science Co., Ltd.	\$ -	2,086	-	6,612
Hubei Gather Electronics Science Co., Ltd.	<u>2,071</u>	<u>2,126</u>	<u>9,193</u>	<u>2,126</u>
	<u>\$ 2,071</u>	<u>4,212</u>	<u>9,193</u>	<u>8,738</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				
<u>Account</u>	<u>Category of related parties</u>	<u>2022.9.30</u>	<u>2021.12.31</u>	<u>2021.9.30</u>
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	\$ -	22,637	46,874
	Hubei Gather Electronics Science Co., Ltd.	<u>53,820</u>	<u>26,161</u>	<u>1,689</u>
		<u>\$ 53,820</u>	<u>48,798</u>	<u>48,563</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	2022.9.30	2021.12.31	2021.9.30
Accounts payable	Shenzhen Gather Electronics Science Co., Ltd.	\$ -	-	4,091
	Hubei Gather Electronics Science Co., Ltd.	4,964	5,430	2,365
		<u>\$ 4,964</u>	<u>5,430</u>	<u>6,456</u>

5. Other transactions

The consolidated company engaged in contracts associated with winding machines with related parties. Service income generated were NT\$0 thousand, NT\$632 thousand, NT\$843 thousand and NT\$1,896 thousand for the three months and nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022, December 31 and September 30, 2021, receivables from related parties from the above transactions amounted to NT\$0 thousand, NT\$662 thousand, and NT\$867 thousand, respectively.

(III) Transactions with key management personnel

Remuneration of major managerial personnel includes:

	July to September 2022	July to September 2021	January to September 2022	January to September 2021
Short-term employee benefits	\$ 13,116	10,663	38,070	31,703
Post-employment benefits	108	108	324	319
	<u>\$ 13,224</u>	<u>10,771</u>	<u>38,394</u>	<u>32,022</u>

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	July to September 2022			July to September 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	52,692	57,669	110,361	91,707	46,008	137,715
Labor and health insurance expense	206	1,938	2,144	324	1,808	2,132
Pension expense	222	1,120	1,342	263	1,020	1,283
Other employee benefits expenses	1,053	2,137	3,190	1,439	2,560	3,999
Depreciation	51,404	7,759	59,163	42,456	11,075	53,531
Amortization	222	1,076	1,298	28	1,272	1,300

By function By nature	January to September, 2022			January to September, 2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary expense	223,123	165,402	388,525	215,254	139,391	354,645
Labor and health insurance expense	851	6,730	7,581	975	5,486	6,461
Pension expense	719	3,292	4,011	680	3,052	3,732
Other employee benefits expenses	4,154	5,900	10,054	3,761	6,357	10,118
Depreciation	154,716	25,745	180,461	123,953	32,590	156,543
Amortization	664	3,231	3,895	87	3,811	3,898

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	Apaa Wuxi	Other accounts receivable - related parties	Yes	190,500	190,500	-	-	Business transaction	1,845,092		-			1,067,006	1,067,006
0	The Company	Apaa Hubei	Other accounts receivable - related parties	Yes	190,500	190,500	-	-	Short-term financing	-	Business Needs of Subsidiary	-			1,067,006	1,067,006

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

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

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

2. Endorsement or guarantee provided to others:

No.	Name of Endorsement/Guarantee Provider	Subject of endorsements/guarantees		Limit on Endorsements/Guarantees Provided for A Single Party	Maximum Balance of Endorsements/Guarantees in Current Period	Endorsement and Guarantee Ending Balance	Amount Actually Drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of Accumulated Endorsements/Guarantees to the Net Worth of the Most Recent Financial Statement	Maximum endorsement/guarantee amount allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee provided to subsidiaries in Mainland China
		Name	Relationship										
0	The Company	Apaq Wuxi	子公司	2,667,514	222,250	222,250	-	-	8.33%	2,667,514	Y	N	Y
0	The Company	Apaq Hubei	子公司	2,667,514	222,250	222,250	-	-	8.33%	2,667,514	Y	N	Y

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

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

3. Holding of negotiable securities at the end of the period (excluding the part of invested affiliated companies, associates and joint ventures equity):

Name of Held Company	Type and name of securities	Relationship with the issuer of the securities	Financial statement item	End of the Period				Remark
				Shares	Carrying amount	Shareholding %	Fair value	
The Company	CHAINTECH Technology Corporation	None	Financial assets at fair value through other comprehensive income-current	4,710	108,095	4.64%	108,095	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income-non-current	1,000	27,680	5.80%	27,680	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income-non-current	18	1,496	10.73%	1,496	
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	64,737	5.39%	64,737	
The Company	AICP Technology Corporation	None	Financial assets at fair value through other comprehensive income-non-current	240	668	3.20%	668	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income-non-current	800	27,752	8.00%	27,752	

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.

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

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	Apag Wuxi	Subsidiary	Purchases	1,252,602	99 %	60 days from end of month	-	Note 1	333,624	98.00%	Note 2
Apag Wuxi	Apag Hubei	Same parent company	Purchases	318,013	34 %	120 days monthly settlement	-	Note 1	65,174	19.00%	Note 2

Note 1: The payment period of general suppliers ranges from 30 days to 120 days on the monthly statement, and the payment period for Apag Wuxi is 60 days and 120 days.

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

8. The receivables from related party to reach NT\$ 100 million or 20% of actually received capital amount:

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		
Apag Wuxi	The Company	Parent-subsidiary company	333,624 (Note 1)	-	-	-	95,796	-

Note 1: Including accounts receivable arising from sales.

Note 2: It refers to the recovery status as of October 28, 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			Ratio to Consolidated Revenue or Total Assets
				Items	Amount	Terms of transaction	
0	The Company	Apag Wuxi	Parent company to a subsidiary	Purchases	1,252,602	60 days from end of month	68%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Sales	67,714	60 days from end of month	4%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Accounts receivable	57,399	-	1%
0	The Company	Apag Wuxi	Parent company to a subsidiary	Accounts payable	333,624	-	7%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Purchases	318,013	120 days monthly settlement	17%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Sales	13,888	120 days monthly settlement	1%
1	Apag Wuxi	Apag Hubei	Subsidiary to Subsidiary	Accounts payable	65,174	-	1%

- (II) Information on reinvestment:

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

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

Investor Name	Investee Name	Business Location	Primary business activities	Original Investment Amount		Shares held at the end of the period			Investee Current profit and loss	recognized for the period Gain and loss on investment	Remark
				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%	2,128,716	128,552	102,883	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%	26,802	(8,784)	(2,635)	Associate
The Company	JDX Enterprise	Taiwan	Production and sales of electronic components, etc.	7,000	7,000	700	45.16%	4,112	(4,240)	(1,915)	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	Remark
					Outward Remittance (Note 4)	Recovery							
Apaq Wuxi	Production and sales of electronic components, etc.	1,238,304 (USD41,700 thousand)	Note 1	1,293,113 (USD41,700 thousand)	-	-	1,293,113 (USD41,700 thousand)	132,778	100.00%	132,778 (Note 3)	2,135,997	-	Note 5
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components, etc.	44,720 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	2,921	35.00%	1,610 (Note 4)	53,295	-	
Apaq Hubei	Production and sales of electronic components, etc.	240,611 (USD8,000 thousand)	Note 2	176,263 (USD6,000 thousand)	55,699	-	231,962 (USD8,000 thousand)	20,751	100.00%	20,180 (Note 3)	319,871	-	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 Investment Commission, MOEA
1,569,973 (USD49,700 thousand and RMB9,800 thousand)	1,633,473 (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.

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, 2022, there was still an approved investment amount of US\$2,000 thousand, which had not yet been remitted.

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

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 see the statement under the “Information on Significant Transactions” for the direct or indirect material transactions between the consolidated company and the invested companies in the mainland Chinese for the nine months ended September 30, 2022 (these transactions had been written off when the consolidated financial statements were prepared).

(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 statements of comprehensive income for revenue (revenue from external customers) and income/loss of the segment and the consolidated balance sheet for segment information.