

**APAQ Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for
the Nine Months Ended September 30,
2020 and 2019**

and Independent Auditors' Report

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Independent Auditors' Review Report

To the Board of Directors of APAQ Technology Co., Ltd.

Introduction

We have reviewed the consolidated balance sheets of APAQ Technology Co., Ltd. and subsidiaries as of September, 2020 and 2019; the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, 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). The 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," endorsed and issued into effect by Financial Supervisory Commission. 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 No. 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(II) of the consolidated financial statements, information on certain non-significant subsidiaries included in the aforementioned consolidated financial statements were based on financial reports of the said investees for the same period and have not been reviewed by independent auditors. Total assets amounted to NT\$15,590 thousand as of September 30, 2019, and accounted for 0.45% of the total consolidated assets.

As stated in Note VI(VI) of the consolidated financial statements, investments accounted for under the equity method of APAQ Technology Co., Ltd. and subsidiaries amounted to NT\$43,704 thousand and NT\$47,078 thousand as of September 30, 2020 and 2019, respectively. The share of profits (losses) of associates accounted for under the equity method were NT\$(1,027) thousand, NT\$15 thousand, NT\$(624) thousand and NT\$1,227 thousand for the three months and nine months then ended, respectively. Those amounts were recognized based on financial statements of the investees for the same period and have not been reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of the investees mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial status of APAQ Technology Co., Ltd. and subsidiaries as of September 30, 2020 and 2019, and its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019 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

Wan-Yuan, You

Certified public accountant :

Qian-Hui, Lu

Securities Competent Authority : (88) Taiwan-Finance-Securities-VI-18311

Approval Document No. Financial-Supervisory-Securities-
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November 5, 2020

----- Disclaimer -----

This English version is a translation based on the original Chinese version.

Where any discrepancy arises between the two versions, the Chinese version shall prevail.

As of September 30, 2020 and 2019, Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China

**APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2020, December 31, 2019, September 30, 2019**

Unit: NT\$ thousands

Assets	2020.9.30		2019.12.31		2019.9.30		Liabilities and Equity	2020.9.30		2019.12.31		2019.9.30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
1100 Cash and cash equivalents [Note VI(I)]	\$ 689,889	18	700,953	19	544,345	16	2100 Short-term loans [Note VI(XII)]	\$ 889,100	23	924,840	25	883,320	25
1110 Financial assets at fair value through profit or loss - current [Notes VI(II) & (XIII)]	25	-	-	-	-	-	2170 Accounts payable	411,206	11	307,178	9	227,881	7
1120 Financial assets at fair value through other comprehensive income - current [Note VI(III)]	115,866	3	143,891	4	125,522	3	2180 Accounts payable - related parties [Note VII]	2,853	-	4,968	-	814	-
1150 Notes receivable [Note VI(IV)]	54,162	1	87,461	2	52,954	2	2201 Payroll and bonus payable	101,324	3	79,378	2	59,947	2
1170 Accounts receivable [Note VI(IV)]	990,790	26	780,770	21	794,858	23	2213 Payable on equipment	19,293	-	14,419	-	22,004	-
1180 Accounts receivable - related parties [Notes VI(IV) & VII]	17,743	-	22,724	1	22,653	-	2280 Lease liabilities - current [Note VI(XIV)]	9,158	-	6,113	-	6,170	-
1310 Inventories, net [Note VI(V)]	462,524	12	390,840	11	380,406	11	2320 Long-term liabilities due within one year [Note VI(XIII)]	247,353	6	2,095	-	4,060	-
1476 Other financial assets - current [Note VI(IX)]	-	-	37	-	75	-	2399 Other current liabilities (merge)	135,733	4	92,973	3	96,403	3
1479 Other current assets [Note 6 (10)] (merge)	56,951	2	30,746	1	32,592	1		1,816,020	47	1,431,964	39	1,300,599	37
	2,387,950	62	2,157,422	59	1,953,405	56	Non-current liabilities:						
Non-current assets:							2570 Deferred income tax liabilities	-	-	-	-	745	-
1517 Financial assets at fair value through other comprehensive income - non-current [Note VI(III)]	121,949	3	117,349	3	116,499	4	2530 Bonds payable [Note VI(XIII)]	-	-	243,423	7	242,128	7
1550 Investments accounted for under the equity method [Note VI(VI)]	43,704	1	45,174	1	47,078	1	2580 Lease liabilities - non-current [Note VI(XIV)]	19,972	-	13,739	-	15,255	1
1600 Property, plant and equipment [Note VI(VII)]	1,106,686	28	1,176,196	32	1,213,445	35		19,972	-	257,162	7	258,128	8
1840 Deferred income tax assets	55,904	1	54,726	2	47,950	1	Total Liabilities	1,835,992	47	1,689,126	46	1,558,727	45
1755 Right-of-use assets [Note VI(VIII)]	39,829	1	30,967	1	32,874	1	Equity [Note VI(XIII) & (XVII)]:						
1780 Intangible assets [Note VI(XI)]	37,392	1	37,259	1	38,259	1	3100 Share capital	845,248	22	845,011	23	844,419	24
1984 Other financial assets - non-current [Notes VI(IX) & VIII]	25,892	1	25,458	1	25,914	1	3200 Capital surplus	561,362	15	560,800	15	559,411	16
1990 Other non-current assets [Note VI(X)]	60,394	2	9,562	-	10,704	-	3300 Retained earnings	792,996	20	680,939	19	636,011	18
	1,491,750	38	1,496,691	41	1,532,723	44	3400 Other equity	(155,898)	(4)	(121,763)	(3)	(112,440)	(3)
Total assets	\$ 3,879,700	100	3,654,113	100	3,486,128	100	Total equity	2,043,708	53	1,964,987	54	1,927,401	55
							Total liabilities and equity	\$ 3,879,700	100	3,654,113	100	3,486,128	100

(See the attached notes to the consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

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

**APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months and Nine Months Ended September 30, 2020 and 2019**

Unit: NT\$ thousands

	July to September 2020:		July to September 2019:		January to September 2020:		January to September 2019:	
	Amount	%	Amount	%	Amount	%	Amount	%
4110 Net sales revenue [Notes VI(XIX) & VII]	\$741,830	100	585,084	100	1,738,544	100	1,427,541	100
5110 Operating costs [Notes VI(V), (XIV), (XX) & VII]	507,937	68	434,048	74	1,236,609	71	1,124,583	79
5900 Gross profit	233,893	32	151,036	26	501,935	29	302,958	21
6000 Operating expenses [Notes VI(XIV), (XX) & VII]:								
6100 Selling expenses	20,549	3	21,466	4	60,925	4	58,006	4
6200 Administrative expenses	41,444	6	32,732	6	111,884	6	87,277	6
6300 Research and development expenses	20,662	3	14,776	3	51,681	3	40,268	3
Total operating expenses	82,655	12	68,974	13	224,490	13	185,551	13
6900 Operating income	151,238	20	82,062	13	277,445	16	117,407	8
7000 Non-operating income and expenses:								
7020 Other gains and losses [Notes VI(XIII) & (XXI)]	2,751	-	6,754	1	31,605	2	7,929	1
7050 Finance costs [Notes VI(XIII), (XIV) & (XXI)]	(3,236)	-	(6,158)	-	(12,730)	(1)	(22,665)	(2)
7100 Interest income	315	-	1,001	-	1,637	-	4,331	1
7230 Foreign exchange gain (loss) [Note VI(XXII)]	(25,093)	(3)	(1,681)	-	(34,251)	(2)	15,029	1
7370 Share of profit or loss of associates accounted for under the equity method [Note VI(VI)]	(1,027)	-	15	-	(624)	-	1,227	-
Non-operating income and expenses, net	(26,290)	(3)	(69)	1	(14,363)	(1)	5,851	1
7900 Income before income tax	124,948	17	81,993	14	263,082	15	123,258	9
7950 Less: Income tax expense [Note VI(XVI)]	35,748	5	19,624	4	66,500	4	29,115	2
Net income	89,200	12	62,369	10	196,582	11	94,143	7
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	1,410	-	(19,714)	(3)	(29,425)	(2)	(32,266)	(2)
Total of items that may not be reclassified subsequently to profit or loss	1,410	-	(19,714)	(3)	(29,425)	(2)	(32,266)	(2)
8360 Items that may be reclassified subsequently to profit or loss								
8361 Exchange differences on translation of foreign operations	35,043	5	(45,036)	(8)	(5,888)	-	(32,628)	(2)
8399 Loss: Income tax related to items that may be reclassified [Note VI(XVI)]	7,008	1	(9,008)	(2)	(1,178)	-	(6,526)	-
Total of items that may be reclassified subsequently to profit or loss	28,035	4	(36,028)	(6)	(4,710)	-	(26,102)	(2)
8300 Other comprehensive income, net of tax	29,445	4	(55,742)	(9)	(34,135)	(2)	(58,368)	(4)
Total comprehensive income	\$ 118,645	16	6,627	1	162,447	9	35,775	3
Earnings per share (Unit: NT\$) [Note VI(XVIII)]								
9750 Basic earnings per share	\$	1.06	\$	0.74	\$	2.33	\$	1.12
9850 Diluted earnings per share	\$	1.01	\$	0.73	\$	2.23	\$	1.10

(See the attached notes to the consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China
APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019

Unit: NT\$ thousands

	Share capital			Retained earnings					Other equity items			Treasury stocks	Total equity
	Share capital - common stocks	Capital collected in advance	Total	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign operations	Gain (loss) on equity instruments at fair value through other comprehensive income	Total		
Balance as of January 1, 2019	\$ 844,419	-	844,419	559,411	107,525	44,089	470,565	622,179	(60,112)	8,913	(51,199)	(27,897)	1,946,913
Net income	-	-	-	-	-	-	94,143	94,143	-	-	-	-	94,143
Other comprehensive income	-	-	-	-	-	-	-	-	(26,102)	(32,266)	(58,368)	-	(58,368)
Total comprehensive income	-	-	-	-	-	-	94,143	94,143	(26,102)	(32,266)	(58,368)	-	35,775
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	18,235	-	(18,235)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	7,110	(7,110)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(83,184)	(83,184)	-	-	-	-	(83,184)
Buyback of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(10,158)	(10,158)
Transfer of treasury stocks to employees	-	-	-	-	-	-	-	-	-	-	-	38,055	38,055
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	2,873	2,873	-	(2,873)	(2,873)	-	-
Balance as of September 30, 2019	\$ 844,419	-	844,419	559,411	125,760	51,199	459,052	636,011	(86,214)	(26,226)	(112,440)	-	1,927,401
Balance as of January 1, 2020	\$ 844,419	592	845,011	560,800	125,760	51,199	503,980	680,939	(114,755)	(7,008)	(121,763)	-	1,964,987
Net income	-	-	-	-	-	-	196,582	196,582	-	-	-	-	196,582
Other comprehensive income	-	-	-	-	-	-	-	-	(4,710)	(29,425)	(34,135)	-	(34,135)
Total comprehensive income	-	-	-	-	-	-	196,582	196,582	(4,710)	(29,425)	(34,135)	-	162,447
Earnings appropriation and distribution:													
Appropriation of legal reserve	-	-	-	-	14,195	-	(14,195)	-	-	-	-	-	-
Appropriation of special reserve	-	-	-	-	-	70,564	(70,564)	-	-	-	-	-	-
Cash dividends of common stocks	-	-	-	-	-	-	(84,525)	(84,525)	-	-	-	-	(84,525)
Conversion of convertible bonds	829	(592)	237	562	-	-	-	-	-	-	-	-	799
Balance as of September 30, 2020	\$ 845,248	-	845,248	561,362	139,955	121,763	531,278	792,996	(119,465)	(36,433)	(155,898)	-	2,043,708

(See the attached notes to the consolidated financial statements)

Chairman: Dr. DJ Zheng

Manager: Shi-Dong Lin

Accounting Manager: Pei-Ling Li

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

**APAQ Technology Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019**

Unit: NT\$ thousands

	January to September 2020:	January to September 2019:
Cash flows from operating activities:		
Income before income tax	\$ 263,082	123,258
Adjustments:		
Income and expense items:		
Depreciation	151,765	134,968
Amortization	3,258	3,365
Interest expense	12,730	22,665
Dividend income	(3,012)	(8,873)
Interest income	(1,637)	(4,331)
Loss on market value decline and obsolete and slow-moving inventories	-	1,500
Share of corporate profit or loss recognized under the equity method	624	(1,227)
Loss on disposal and retirement of property, plant and equipment	172	1,366
Other non-cash expense items, net	394	1,625
Total income and expense items	164,294	151,058
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(170,647)	(293,343)
Inventories	(71,455)	219,684
Other operating assets	(26,114)	66,260
Accounts payable (including related parties)	108,695	41,013
Other operating liabilities	19,464	23,725
Total adjustments	24,237	208,397
Cash generated from operations	287,319	331,655
Interest received	1,637	4,331
Dividends received	3,012	8,873
Interest paid	(9,644)	(22,529)
Income tax paid	(20,869)	(94,342)
Net cash generated by operating activities	261,455	227,988
Cash flows from investing activities:		
Disposal of financial assets at fair value through other comprehensive income - current	-	82,862
Financial assets at fair value through other comprehensive income - return of capital due to capital reduction	2,000	-
Disposal of financial assets measured at fair value through other comprehensive income - non-current	-	7,500
Financial assets at fair value through other comprehensive gains and losses - non-current	(8,000)	-
Acquisition of property, plant and equipment	(76,306)	(112,891)
Acquisition of intangible assets	(3,395)	-
Increase in other financial assets	(556)	(193)
Increase in other non-current assets	(4,827)	(223)
Increase in prepayments for business facilities	(48,395)	-
Net cash used in investing activities	(139,479)	(22,945)
Cash flows from financing activities:		
Increase in short-term loans	335,000	313,120
Repayment of short-term loans	(366,776)	(539,560)
Repayment for bonds due	(1,300)	-
Repayment of lease principal	(6,697)	(4,154)
Cash dividends paid	(84,525)	(83,184)
Costs for buyback of treasury stocks	-	(13,520)
Transfer of treasury stocks to employees	-	38,055
Net cash used in financing activities	(124,298)	(289,243)
Effect of exchange rate changes on cash and cash equivalents	(8,742)	(7,164)
Net decrease in cash and cash equivalents	(11,064)	(91,364)
Cash and cash equivalents at beginning of period	700,953	635,709
Cash and cash equivalents at end of period	\$ 689,889	544,345

(See the attached notes to the 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
and Independent Auditors' Report**

(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 5, 2020, 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

The consolidated company has adopted International Financial Reporting Standards (hereinafter referred to as "IFRSs") approved to take effect for annual periods beginning on January 1, 2020 by the Financial Supervisory Commission (hereinafter referred to as "FSC") in 2020 to prepare the consolidated financial statements. The new, revised, and amended standards and interpretations are summarized below:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by International Accounting Standards Board</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "COVID-19-related Rent Concessions"	June 1, 2020

The adoption of newly endorsed IFRSs above does not have a material impact on the consolidated financial statements.

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

The new/revised/amended standards and interpretations listed below have been approved to take effect for annual periods beginning on January 1, 2021 by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 4 "Defer the Effective Date of IFRS 9, Financial Instruments"	January 1, 2021

The consolidated company has evaluated that the aforementioned amendments do not have a material impact on the consolidated financial statements.

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

The table below lists standards and interpretations released or amended by International Accounting Standards Board (hereinafter referred to as "IASB") but not yet endorsed by FSC.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRSs 2018-2020 cycle-	January 1, 2022
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

Ones with potential impact to the consolidated company are as follows:

Date of Issuance	New or Amended Standards	Major Amendments
2020.1.23	Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	The amendments are to promote consistency in applying the standards by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current in the balance sheet. The amendments also clarify the classification rules for debts companies might settle by converting them into equity.
2020.5.14	Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	The amendments clarify that costs incurred in fulfilling a contract should include the following costs that are directly related to the contract: <ul style="list-style-type: none"> ·The incremental costs of fulfilling the contract - e.g. direct labor and raw materials; and ·An allocation of other costs that relate directly to fulfilling the contracts - e.g. the allocation of depreciation expense of property, plant and equipment used in fulfilling the contract.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements for the six months ended June 30, 2020 and 2019 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 and issued into effect by the FSC (hereinafter referred to as "IFRSs endorsed by FSC").

Except for the following descriptions, the consolidated financial statements for the six months ended June 30, 2020 and 2019 adopt the same accounting policies as the ones used in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note IV of the consolidated financial statements for the year ended December 31, 2019 for details.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements

Name of Investor	Name of Subsidiaries	Business Activities	Percentage of Ownership			Description
			2020.9.30	2019.12.31	2019.9.30	
The Company	APAQ Investment Limited (APAQ Samoa)	Investment holding company	100%	100%	100%	
APAQ Samoa	Apaq Technology (Wuxi) Co., Ltd. (Apaq Wuxi)	Production and sales of electronic products	100%	100%	100%	
The Company	Apaq Technology (Hubei) Co., Ltd. (Apaq Hubei)	Production and sales of electronic products	100%	100%	100%	Notes 1 and 2

Note 1: The Company invested and established Apaq Hubei in September 2019. Apaq Hubei was included in the consolidated financial statements since the date of its investment.

Note 2: Is not a material subsidiary and its financial statements as of September 30, 2019 were not audited by a CPA.

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

(III) Government Grants

The consolidated company recognized government grants with no conditions attached as other income when the grants became receivable. Government grants intended to compensate expenses incurred or losses of the consolidated company were recognized in profit or loss in the same period as relevant expenses on a systematic basis.

(IV) Income Tax

The consolidated company measured and disclosed interim income tax expense pursuant to Paragraph B12, IAS 34 "Interim Financial Reporting."

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

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

When preparing the consolidated financial statements according to Preparation Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC, the management has to make judgements, estimates and assumptions, which may influence the adoption of accounting policies, and the reporting amount of assets, liabilities, incomes and expenses. There may be differences between actual results and estimates.

When preparing the consolidated financial statements, significant accounting judgments, estimates and key sources of uncertainty made by the management for the adoption of the consolidated company's accounting policies are consistent with Note V(I) of the consolidated financial statements for the year ended December 31, 2019.

VI. Details of Significant Accounts

Except for the following descriptions, the descriptions of significant accounts in the consolidated financial statements are not materially different from the consolidated financial statements for the year ended December 31, 2019. Please refer to Note VI of the consolidated financial statements for the year ended December 31, 2019 for details.

(I) Cash and cash equivalents

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Cash and demand deposit	\$ 647,158	572,028	412,687
Time deposits	42,731	128,925	131,658
Cash and cash equivalents	<u>\$ 689,889</u>	<u>700,953</u>	<u>544,345</u>

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

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Right of redemption - Convertible bonds payable	<u>\$ 25</u>	<u>-</u>	<u>-</u>

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

1. Current:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Domestic listed stocks	<u>\$ 115,866</u>	<u>143,891</u>	<u>125,522</u>

The consolidated company sold a part of financial assets at fair value through other comprehensive income for the nine months ended September 30, 2019. At the time of disposal, the fair value was NT\$82,862 thousand and the accumulated gains on disposal amounted to NT\$10,373 thousand, which was transferred from other equity to retained earnings.

2. Non-current:

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Domestic and foreign unlisted common stocks -			
Foxfortune Technology Ventures Limited	\$ 41,181	42,551	43,496
Inpaq Korea Co., Ltd.	1,367	701	750
Element I Venture Capital Co., Ltd.	15,912	20,125	19,448
Kuan Kun Electronic Enterprise Co., Ltd.	50,985	49,468	49,059
AICP Technology Corporation	4,504	4,504	3,746
Yuanxin Semiconductor Co., Limited	8,000	-	-
	<u>\$ 121,949</u>	<u>117,349</u>	<u>116,499</u>

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

	2020.9.30			2019.12.31			2019.9.30		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
USD \$	1,017	29.10	29,595	1,017	29.98	30,490	1,017	31.04	31,568

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

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

Element I Venture Capital Co., Ltd. had resolved to carry out capital reduction in the board meeting in June 2020 and returned capital of NT\$2,000 thousand to the consolidated company.

The consolidated company sold part of its non-current financial assets at fair value through other comprehensive income for the nine months ended September 30, 2019. At the time of disposal, the fair value was NT\$7,500 thousand, and the cumulative disposal loss was NT\$7,500 thousand, which had been transferred from other equity to retained earnings.

The consolidated company recognized dividend income of NT\$3,012 thousand and NT\$8,873 thousand respectively for the aforementioned investments in equity instruments designated at fair value through other comprehensive income for the nine months ended September 30, 2020.

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

	2020.9.30	2019.12.31	2019.9.30
Notes receivable	\$ 54,162	87,461	52,954
Accounts receivable	990,790	780,770	794,858
Receivables from related parties	17,743	22,724	22,653
	\$ 1,062,695	890,955	870,465

The consolidated company adopts a simplified method to estimate the expected credit loss for all receivables (including related parties), that is, using the lifetime expected credit loss. For this purpose, these receivables are categorized based on common credit risk characteristics of customers' capability to pay for amount due in accordance with the contracts with forward-looking information incorporated, including general economic and related industry information. The expected credit losses of the consolidated company's receivables (including related parties) are analyzed as follows:

	2020.9.30		
	Carrying amount of accounts receivable (including related parties)	Loss Ratio of Lifetime Expected Credit Loss	Allowance for Lifetime Expected Credit Loss
Not past due	\$ 1,056,538	0%	-
Overdue for 0-60 days	6,157	0%	-
Overdue for 61-90 days	-	0%	-
Overdue for 91 days and longer	-	100%	-
Total	\$ 1,062,695		-

	2019.12.31		
	Carrying amount of accounts receivable (including related parties)	Loss Ratio of Lifetime Expected Credit Loss	Allowance for Lifetime Expected Credit Loss
Not past due	\$ 880,459	0%	-
Overdue for 0-60 days	10,496	0%	-
Overdue for 61-90 days	-	0%	-
Overdue for 91 days and longer	-	100%	-
Total	\$ 890,955		-

	2019.9.30		
	Carrying amount of accounts receivable (including related parties)	Loss Ratio of Lifetime Expected Credit Loss	Allowance for Lifetime Expected Credit Loss
Not past due	\$ 854,194	0%	-
Overdue for 0-60 days	16,271	0%	-
Overdue for 61-90 days	-	0%	-
Overdue for 91 days and longer	-	100%	-
Total	\$ 870,465		-

No impairment loss has been provided for receivables (including related parties) for the nine months ended September 30, 2020 and 2019.

(V) Inventories, net

	2020.9.30	2019.12.31	2019.9.30
Raw materials	\$ 169,925	125,015	120,630
Work in process and semi-finished products	71,197	49,683	50,297
Finished goods and commodity	221,402	216,142	209,479
Total	\$ 462,524	390,840	380,406

The details of operating costs were as follows:

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Cost of goods sold	\$ 507,937	434,048	1,236,609	1,123,088
Loss on market value decline and obsolete and slow-moving inventories	-	-	-	1,500
Income from sale of scraps	-	-	-	(5)
	\$ 507,937	434,048	1,236,609	1,124,583

(VI) Investments accounted for under the equity method

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

	2020.9.30	2019.12.31	2019.9.30
The carrying amount of equity of individually immaterial associates at end of period	\$ 43,704	45,174	47,078

Share attributable to the consolidated company:

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Net income (loss)	\$ (1,027)	15	(624)	1,227
Other comprehensive income	-	-	-	-
Total comprehensive income	\$ (1,027)	15	(624)	1,227

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.

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment and others</u>	<u>Construction in progress and equipment to be tested</u>	<u>Total</u>
Cost:					
Balance as of January 1, 2020	\$ 353,940	1,489,109	114,134	52,619	2,009,802
Addition	3,464	26,592	24,442	29,821	84,319
Disposals and obsolescence	-	(854)	(614)	-	(1,468)
Reclassification	-	25,703	(11,215)	(14,907)	(419)
Effect of Exchange	(1,881)	(6,884)	131	177	(8,457)
Balance as of September 30, 2020	\$ 355,523	1,533,666	126,878	67,710	2,083,777
Balance as of January 1, 2019	\$ 368,584	1,413,492	90,793	106,163	1,979,032
Addition	-	56,683	8,627	20,793	86,103
Disposals and obsolescence	-	(2,879)	(4,745)	-	(7,624)
Reclassification	-	66,723	1,132	(69,429)	(1,574)
Effect of Exchange	(7,141)	(29,574)	(1,121)	(437)	(38,273)
Balance as of September 30, 2019	\$ 361,443	1,504,445	94,686	57,090	2,017,664
Depreciation:					
Balance as of January 1, 2020	\$ 113,230	666,892	53,484	-	833,606
Depreciation for the current period	17,824	113,399	13,499	-	144,722
Disposals and obsolescence	-	(741)	(555)	-	(1,296)
Effect of Exchange	31	(58)	86	-	59
Balance as of September 30, 2020	\$ 131,085	779,492	66,514	-	977,091
Balance as of January 1, 2019	\$ 95,175	559,623	45,016	-	699,814
Depreciation for the current period	17,058	102,985	10,479	-	130,522
Disposals and obsolescence	-	(2,045)	(4,213)	-	(6,258)
Effect of Exchange	(2,378)	(16,888)	(593)	-	(19,859)
Balance as of September 30, 2019	\$ 109,855	643,675	50,689	-	804,219
Carrying Amount:					
January 1, 2020	\$ 240,710	822,217	60,650	52,619	1,176,196
September 30, 2020	\$ 224,438	754,174	60,364	67,710	1,106,686
September 30, 2019	\$ 251,588	860,770	43,997	57,090	1,213,445

(VIII) Right-of-use assets

	<u>Land use rights</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2020	\$ 11,497	24,497	1,082	37,076
Addition	-	15,975	-	15,975
Effect of foreign exchange rate changes	(64)	-	-	(64)
Balance as of September 30, 2020	\$ 11,433	40,472	1,082	52,987
Balance as of January 1, 2019	\$ 11,974	18,413	1,082	31,469
Addition	-	6,084	-	6,084
Effect of foreign exchange rate changes	(233)	-	-	(233)
Balance as of September 30, 2019	\$ 11,741	24,497	1,082	37,320
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2020	\$ 284	5,342	483	6,109
Provision for depreciation	205	6,476	362	7,043
Effect of foreign exchange rate changes	6	-	-	6
Balance as of September 30, 2020	\$ 495	11,818	845	13,158
Balance as of January 1, 2019	\$ -	-	-	-
Provision for depreciation	218	3,866	362	4,446
Balance as of September 30, 2019	\$ 218	3,866	362	4,446
Carrying Amount:				
January 1, 2020	\$ 11,213	19,155	599	30,967
September 30, 2020	\$ 10,938	28,654	237	39,829
September 30, 2019	\$ 11,523	20,631	720	32,874

(IX)	Other financial assets - current and non-current			
		2020.9.30	2019.12.31	2019.9.30
	Refundable deposits	\$ 25,892	25,458	25,914
	Other receivables	-	37	75
		\$ 25,892	25,495	25,989

(X)	Other assets - current and non-current			
		2020.9.30	2019.12.31	2019.9.30
	Prepayments for business facilities	\$ 53,054	7,182	8,351
	Credits of business tax and incremental value tax	37,619	17,677	16,300
	Prepaid expenses and others	26,672	15,449	18,645
		\$ 117,345	40,308	43,296

(XI)	Intangible assets			
		Computer software	Royalty fees	Total
	January 1, 2020	\$ 353	36,906	37,259
	September 30, 2020	\$ 3,301	34,091	37,392
	September 30, 2019	\$ 415	37,844	38,259

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, 2020 and 2019. Please refer to Note XII for the amortization amount of the current period and Note VI(XI) of the financial statements for the year ended December 31, 2019 for other relevant information.

(XII)	Short-term loans			
		2020.9.30	2019.12.31	2019.9.30
	Unsecured bank loans	\$ 889,100	924,840	883,320
	Unused facilities	\$ 720,101	365,140	729,160
	Interest rate range	0.7960%~ 1.1502%	1.1%~ 3.56198%	1.05%~ 3.83817%

(XIII) Convertible bonds payable

- The Company issued the first domestic unsecured convertible corporate bonds on March 1, 2017. The issuance period is three years. Relevant information in the financial statements is as follows:

		2020.9.30	2019.12.31	2019.9.30
	Total amount of convertible corporate bonds issued	\$ 300,000	300,000	300,000
	Less: Unamortized bonds payable discount	-	(5)	(40)
	Less: Accumulated converted common stocks	(298,700)	(297,900)	(295,900)
	Less: Repayment upon maturity	(1,300)	-	-
	Balance of bonds payable at end of period (recognized under long-term liabilities due within one year)	\$ -	2,095	4,060

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	\$ -	-	-	<u>2</u>
Interest expense	<u>\$ -</u>	<u>24</u>	<u>3</u>	<u>72</u>

The Company's first unsecured convertible corporate bonds matured on March 1, 2020, and the TPEX trading was terminated on the business day following the maturity date. According to Article 6 of the Company's issuance and conversion rules, the Company will make a one-time cash redemption payment based on the remaining face value of the bonds upon maturity.

The conversion price of the first-time issuance of unsecured convertible corporate bonds was NT\$33.8 for both March 1, 2020 (maturity date) and September 30, 2019.

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

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

	2020.9.30	2019.12.31	2019.9.30
Total amount of convertible corporate bonds issued	\$ 250,000	250,000	250,000
Less: Unamortized bonds payable discount	(2,647)	(6,577)	(7,872)
Less: long-term liabilities due within one year	(247,353)	-	-
Bonds payable at end of period	<u>\$ -</u>	<u>243,423</u>	<u>242,128</u>
Embedded derivatives - redemption rights (recognized as financial assets at fair value through profit or loss - current)	<u>\$ 25</u>	<u>-</u>	<u>-</u>

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Embedded derivatives - profit/loss of redemption rights remeasured at fair value (recognized as valuation losses of financial assets)	\$ (25)	-	(25)	<u>50</u>
Interest expense	<u>\$ 1,318</u>	<u>1,288</u>	<u>3,930</u>	<u>3,843</u>

The conversion prices were NT\$56.2 and NT\$58.0 on September 30, 2020 and 2019, respectively.

(XIV) Lease liabilities

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

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Current	\$ 9,158	6,113	6,170
Non-current	\$ 19,972	13,739	15,255

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

The amount recognized in profit or loss is as follows:

	<u>July to September 2020:</u>	<u>July to September 2019:</u>	<u>January to September 2020:</u>	<u>January to September 2019:</u>
Interest expense on lease liabilities	\$ 88	64	268	170
Expense for leases of low-value assets	\$ 20	19	58	57

The amounts recognized in the statements of cash flows are as follows:

	<u>January to September 2020:</u>	<u>January to September 2019:</u>
Total cash outflow for lease	\$ 7,023	4,381

1. Leasing of houses and buildings

The consolidated company leased houses and buildings as office premises and factory buildings in 2020 and on September 30, 2019 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 liability.

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.

(XV) Employee benefits

For pension expenses for the nine months ended September 30, 2020 and 2019, please refer to Note XII for details.

(XVI) Income tax

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

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Current income tax expenses	\$ 35,748	19,624	72,061	24,795
Additional tax on undistributed earnings	-	-	-	3,913
Current income tax from adjustment of prior period	-	-	(5,561)	407
	\$ 35,748	19,624	66,500	29,115

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

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Exchange differences on translation of foreign operations	\$ 7,008	(9,008)	(1,178)	(6,526)

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

(XVII) Capital and other equity

Except for the following descriptions, there was no material change in the capital and other equity of the consolidated company for the nine months ended September 30, 2020 and 2019. Please refer to Note VI(XVIII) of the consolidated financial statements for the year ended December 31, 2019 for details.

1. Share capital

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

	Common Stocks	
	January to September 2020:	January to September 2019:
Balance as of January 1	84,502	83,514
Buyback of treasury stocks	-	(330)
Conversion of convertible bonds	23	-
Transfer of treasury stocks to employees	-	1,258
Balance at September 30	84,525	84,442

Between January 1, 2020 to March 1, 2020 (maturity date), the Company issued 23,000 common stocks with an amount of NT\$237 thousand for the conversion of corporate bonds. As of September 30, 2020, the statutory registration procedures were completed and the stocks were reclassified as share capital - common stocks. In addition, the Company issued 60,000 common stocks for the conversion of corporate bonds for the year ended December 31, 2019. As the

statutory registration procedures were not completed as of December 31, 2019, they were recognized as capital collected in advance of NT\$592 thousand. As of September 30, 2020, the statutory registration procedures were completed and the stocks were reclassified as share capital - common stocks.

2. Capital surplus

	<u>2020.9.30</u>	<u>2019.12.31</u>	<u>2019.9.30</u>
Share premium	\$ 320,766	320,766	320,766
Compensation cost of shares retained for employee subscription at cash capital increase	7,852	7,852	7,852
Subscription right to convertible corporate bonds	11,890	11,935	12,039
Treasury stock trade	3,642	3,642	3,642
Premium from conversion of corporate bonds to common stocks	217,212	216,605	215,112
	<u>\$ 561,362</u>	<u>560,800</u>	<u>559,411</u>

In accordance with the Company Act, realized capital surplus can only be distributed as stocks or cash dividends in accordance with shareholders' original shareholding percentages after offsetting losses. 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 17, 2020 and June 19, 2019, respectively. Information on dividends appropriated to owners is as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Dividends per share</u>	<u>Amount</u>	<u>Dividends per share</u>	<u>Amount</u>
Dividends distributed to owners of common stocks:				
Cash (NT\$)	\$ 1	<u>84,525</u>	0.98510218	<u>83,184</u>

The above appropriation of earnings is consistent with the resolutions approved by the Board of Directors. As for the 2020 appropriation of earnings, the Board of Directors would draft a proposal to be resolved at the shareholders' meeting after the end of the fiscal year. Information will be available at the Market Observation Post System (MOPS).

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:

January to September 2019:

Reason for Buyback	Number of				Number of
	shares -	shares -	shares -	shares -	
	beginning	Increase	Transfer	Cancelled	ending
Transfer to employees	928	330	(1,258)	-	-

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.

The Company has transferred all treasury shares to employees during the nine months ended September 30, 2019. As the transfer price is higher than the market price, no compensation cost was recognized.

(XVIII) Earnings per Share (EPS)

	July to	July to	January to	January to
	September	September	September	September
	2020:	2019:	2020:	2019:
Basic EPS:				
Net income attributable to the Company	\$ 89,200	62,369	196,582	94,143
Weighted average number of common stocks outstanding (in thousands of shares)	84,525	84,442	84,512	83,783
Basic EPS (NT\$)	\$ 1.06	0.74	2.33	1.12
Diluted EPS:				
Net income attributable to the Company	\$ 89,200	62,369	196,582	94,143
Post-tax interest on convertible corporate bonds	1,052	3,132	3,140	3,074
Net income attributable to common stocks	\$ 90,252	65,501	199,722	97,217
Weighted average number of common stocks outstanding (in thousands of shares)	84,525	84,442	84,512	83,783
Employee compensation to be distributed in stocks	440	335	691	518
Convertible corporate bonds	4,448	4,432	4,448	4,310
Weighted average number of common stocks outstanding for the calculation of diluted EPS (in thousands of shares)	89,413	89,209	89,651	88,611
Diluted EPS (NT\$)	\$ 1.01	0.73	2.23	1.10

(XIX) Revenue of customer contract

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Main geographical areas				
China	\$ 715,780	573,226	1,678,215	1,403,207
Taiwan	24,156	11,294	57,228	20,450
Other Countries	1,894	564	3,101	3,884
	\$ 741,830	585,084	1,738,544	1,427,541
Major products				
Coiled conductive polymer solid capacitors	\$ 608,728	511,131	1,474,826	1,268,612
Chip-type conductive polymer solid state appliances	133,102	73,953	263,718	158,929
	\$ 741,830	585,084	1,738,544	1,427,541

(XX) Compensations for employees and Directors

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

The Company accrued NT\$9,224 thousand, NT\$6,999 thousand, NT\$22,035 thousand, and NT\$10,940 thousand as employee compensation and NT\$2,713 thousand, NT\$2,059 thousand, NT\$6,481 thousand, and NT\$3,218 thousand as remuneration for Directors for the three months and nine months ended September 30, 2020 and 2019, 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 employee compensation is resolved to be distributed in stock, the number of shares is determined by dividing the amount of compensation by the closing price of common stocks on the day preceding the Board of Directors' meeting.

The amounts allocated for remunerations to employees and Directors for 2019 were NT\$16,437 thousand and NT\$4,834 thousand respectively, which bear no difference from the Board's resolutions. Relevant information can be found at the MOPS.

(XXI) Non-operating income and expenses

1. Other gains and losses, net

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Subsidy income	\$ 1,956	-	27,835	-
Dividend income	1,979	7,630	3,012	8,873
Gain (loss) on disposal of property, plant and equipment	(94)	22	(172)	(1,366)
Financial asset valuation gains (loss)	25	-	25	(52)
Others	(1,115)	(898)	905	474
Other gains and losses, net	\$ 2,751	6,754	31,605	7,929

2. Finance costs

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Interest expenses of corporate bonds	\$ 1,318	1,312	3,933	3,915
Interest expenses of loans	1,830	4,782	8,529	18,580
Interest expense on lease liabilities	88	64	268	170
	\$ 3,236	6,158	12,730	22,665

(XXII) Financial instruments

Except for the following descriptions, there have 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(XXIII) of the consolidated financial statements for the year ended December 31, 2019 for relevant information.

1. Credit risk

(1) Credit risk concentration

The consolidated company's customers are concentrated in industries such as consumer electronics, computer peripherals and wireless communication and so on. To reduce the credit risk of the accounts receivable, the consolidated company continuously assesses the customers' financial position and regularly evaluates the possibility of the collection of accounts receivable, as well as making allowances for loss. As at September 30, 2020, December 31, 2019 and September 30, 2019, 51%, 42%, and 44% of the consolidated company's accounts receivables were due from five customers, respectively, resulting in significant credit risk concentration.

(2) Credit risk of accounts receivable and debt securities

Please refer to Note VI(IV) for credit risk exposure of accounts receivable. Other financial assets at amortized cost included other receivables from related parties and time deposits. No impairment loss was recognized.

The above-mentioned financial assets have low credit risk, so the allowance loss of the period is measured based on twelve-month expected credit loss (please refer to Note IV(VII) of the consolidated financial statements for the year ended December 31, 2019 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, 2020					
Non-derivative Financial Liabilities					
Short-term loans	\$ 889,100	890,322	890,322	-	-
Accounts payable (including related parties)	414,059	414,059	414,059	-	-
Payroll and bonus payable	101,324	101,324	101,324	-	-
Payable on equipment	19,293	19,293	13,721	5,572	-
Lease liabilities (including current and non-current)	29,130	29,747	4,852	4,592	20,303
	\$ 1,452,906	1,454,745	1,424,278	10,164	20,303
December 31, 2019					
Non-derivative Financial Liabilities					
Short-term loans	\$ 924,840	927,628	927,628	-	-
Accounts payable (including related parties)	312,146	312,146	312,146	-	-
Payable on equipment	14,419	14,419	2,770	11,649	-
Lease liabilities (including current and non-current)	19,852	20,274	3,192	3,117	13,965
	\$ 1,271,257	1,274,467	1,245,736	14,766	13,965
September 30, 2019					
Non-derivative Financial Liabilities					
Short-term loans	\$ 883,320	886,749	793,247	93,502	-
Accounts payable (including related parties)	228,695	228,695	228,695	-	-
Payable on equipment	22,004	22,004	9,365	12,639	-
Lease liabilities (including current and non-current)	21,425	21,908	3,267	3,117	15,524
	\$ 1,155,444	1,159,356	1,034,574	109,258	15,524

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>2020.9.30</u>			<u>2019.12.31</u>			<u>2019.9.30</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>
Financial liabilities									
<u>Monetary items</u>									
USD	\$ 39,394	29.10	1,146,365	34,796	29.98	1,043,184	29,217	31.04	906,896
RMB	59,086	4.2731	252,480	54,101	4.2975	232,499	54,630	4.3886	239,749
Financial liabilities									
USD	2,221	29.10	64,631	10,427	29.98	312,601	8,838	31.04	274,332

(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, 2020 and 2019 due to depreciation or appreciation of NTD against USD and RMB as of September 30, 2020, December 31, 2019, and September 30, 2019 with all other variables held constant were as follows:

	Fluctuation	January to September 2020:	January to September 2019:
NT dollars	1% depreciation against USD	\$ 8,654	5,061
	1% appreciation against USD	\$ (8,654)	(5,061)
NT dollars	1% depreciation against RMB	\$ 2,020	1,918
	1% appreciation against RMB	\$ (2,020)	(1,918)

(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 nine months ended September 30, 2020 and 2019 were NT\$(25,093) thousand, NT\$(1,681) thousand, NT\$(34,251) thousand, and NT\$15,029 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 liabilities with floating interest rates, the analysis is based on the assumption that the outstanding liabilities on the reporting date have been outstanding all year round. Changes in other comprehensive income for the nine months ended September 30, 2020 and 2019 due to interest rate changes with all other variables held constant were as follows:

	Fluctuation	January to September 2020:	January to September 2019:
Annual borrowing rate	Increase by 1%	\$ (5,335)	(5,300)
	Decrease by 1%	\$ 5,335	5,300

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:

Prices of securities at the reporting date	January to September 2020:		January to September 2019:	
	Other comprehensive income, net of tax	Net income	Other comprehensive income, net of tax	Net income
Increase by 1%	\$ 2,378	-	2,420	-
Decrease by 1%	(2,378)	-	(2,420)	-

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:

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

	2019.12.31				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	\$ 143,891	143,891	-	-	143,891
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	\$ 117,349	-	-	117,349	117,349
Convertible bonds payable (including bonds due within one year)	\$ 245,518	264,571	-	-	264,571
	2019.9.30				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income - current					
Domestic listed stocks	\$ 125,522	125,522	-	-	125,522
Financial assets at fair value through other comprehensive income - non-current					
Domestic unlisted stocks	\$ 116,499	-	-	116,499	116,499
Convertible bonds payable (including bonds due within one year)	\$ 246,188	256,073	-	-	256,073

- (2) Fair value valuation technique of financial instruments not at fair value
The methods and assumptions adopted by the consolidated company for valuating instruments not at fair value were as follows:
For financial assets at amortized cost, if transaction prices or quotes from market maker are available, the latest transaction price and quotes shall be the basis for fair value measurement. If market values are not available, valuation method would be adopted. Estimations and assumptions adopted in the valuation method are to measure fair value at discounted cash flows.
- (3) Fair value valuation technique of financial instruments at fair value
The redemption rights of embedded derivatives are based on an appropriate option pricing model.
- (4) Transfers between Level 1 and Level 2 fair value hierarchy: None.

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

	Financial asset at fair value through other comprehensive income - equity investments without an active market	
Balance as of January 1, 2020	\$	117,349
New addition		8,000
Proceeds from capital reduction		(2,000)
Total gains and losses		
Recognized in other comprehensive income		(1,400)
Balance as of September 30, 2020	\$	121,949
Balance as of January 1, 2019	\$	121,084
Disposals		(7,500)
Total gains and losses		
Recognized in other comprehensive income		2,915
Balance as of September 30, 2019	\$	116,499

The aforementioned total gains and losses are recognized under "unrealized valuation gains (losses) from investments in equity instruments at fair value through other comprehensive income." As of September 30, 2020 and 2019, gains or losses of assets in the book amounted to gain of NT\$23,149 thousand and NT\$7,500 thousand, respectively.

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

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

Item	Valuation technique	Significant unobservable input	Relationship between significant unobservable inputs and fair value measurement
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Net asset value method	· Net asset value · Marketability discount (10% and 20% for September 30, 2020, December 31, 2019 and September 30, 2019)	· N/A · The higher the marketability discount, the lower the fair value.
Financial asset at fair value through other comprehensive income - non-current (equity investments without an active market)	Market approach	· Price-book ratio (3.39 for both September 30, 2020 and December 31, 2019; 2.23 for September 30, 2019) · Marketability discount (25% for September 30, 2020, December 31, 2019, and September 30, 2019)	· The higher the price-book ratio, the higher the fair value. · The higher the marketability discount, the lower the fair value.

(XXIII) Financial risk management

There were no significant changes in the objectives and policies of the consolidated company's financial risk management comparing to those disclosed in Note VI(XXIV) of the consolidated financial statements for the year ended December 31, 2019.

(XXIV) Capital management

The consolidated company's capital management objectives, policies and procedures were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2019. In addition, there were no material 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, 2019. For relevant information, please refer to Note VI(XXV) of the consolidated financial statements for the year ended December 31, 2019.

(XXV) Non-cash financing activities

The consolidated company's non-cash investing and financing activities for the nine months ended September 30, 2020 and 2019 were as follows:

1. For non-cash investing and financing activities where convertible corporate bonds were converted into common stocks, please refer to Note VI(XIII) for details.
2. For right-of-use assets obtained via leases, please refer to Note VI(VIII).
3. Reconciliation of liabilities from financing activities was as follows:

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

	<u>Non-cash Changes</u>				<u>2019.9.30</u>
	<u>2019.1.1</u>	<u>Cash Flow</u>	<u>Change in Exchange Rate</u>	<u>Other Changes</u>	
Short-term loans	\$ 1,103,585	(226,440)	6,175	-	883,320
First issuance of convertible corporate bonds	3,988	-	-	72	4,060
Second issuance of convertible corporate bonds	238,285	-	-	3,843	242,128
Lease liabilities	19,495	(4,154)	-	6,084	21,425
	<u>\$ 1,365,353</u>	<u>(230,594)</u>	<u>6,175</u>	<u>9,999</u>	<u>1,150,933</u>

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
INPAQ Technology Co., Ltd.	Key management of the consolidated company

(II) Significant transactions with related parties

1. Operating revenue

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Shenzhen Gather Electronics Science Co., Ltd.	\$ 6,364	11,004	18,756	28,065

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

2. Purchase

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Shenzhen Gather Electronics Science Co., Ltd.	\$ 1,472	1,680	4,322	3,280

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 120 days from end of month for related parties.

3. Receivables from related parties

Financial Statement				
Account	Category of Related Parties	2020.9.30	2019.12.31	2019.9.30
Accounts receivable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 17,139	22,724	22,653

4. Payables to related parties

Financial Statement				
Account	Category of Related Parties	2020.9.30	2019.12.31	2019.9.30
Accounts payable	Shenzhen Gather Electronics Science Co., Ltd.	\$ 2,853	4,968	814

5. Other transactions

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

(III) Major managerial personnel transactions

Remuneration of major managerial personnel includes:

	July to September 2020:	July to September 2019:	January to September 2020:	January to September 2019:
Short-term employee benefits	\$ 11,083	6,064	28,139	18,372
Benefits after retirement	104	104	311	303
	\$ 11,187	6,168	28,450	18,675

VIII. Pledged Assets

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

Pledged Assets	Purpose of Pledge	2020.9.30	2019.12.31	2019.9.30
Other financial assets - non-current	Purchase guarantee, investment guarantee, etc.	\$ 25,892	25,458	25,914

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.**X. Significant Disaster Loss: None.****XI. Significant Subsequent Events: None.****XII. Others**

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

Function Type	July to September 2020:			July to September 2019:		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Salary expense	52,136	50,967	103,103	46,405	38,262	84,667
Labor and health insurance expense	127	1,610	1,737	109	1,436	1,545
Pension expense	55	849	904	106	860	966
Other employee benefits expenses	691	2,066	2,757	593	1,362	1,955
Depreciation	35,663	5,642	41,305	37,227	5,683	42,910
Amortization	13	1,140	1,153	18	976	994

Function Type	January to September 2020:			January to September 2019:		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses						
Salary expense	148,166	125,518	273,684	128,129	91,844	219,973
Labor and health insurance expense	390	4,555	4,945	348	4,258	4,606
Pension expense	229	2,504	2,733	350	2,515	2,865
Other employee benefits expenses	2,074	5,411	7,485	1,845	4,561	6,406
Depreciation	132,780	18,985	151,765	118,304	16,664	134,968
Amortization	51	3,207	3,258	56	3,309	3,365

XIII. Supplementary Disclosures

(I) Information on significant transactions

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

1. Financing provided to others:

No.	Lending Company	Borrower	Transaction Account	Whether A Related Party	Maximum Balance in Current Period	Ending Balance	Amount Actually Drawn	Interest rate range	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Loss Allowance	Collateral		Limit on Financing to A Single Party	Total Limit on Financing
													Name	Value		
0	The Company	APAQ Wuxi	Other receivables - related parties	Yes	453,750	174,600	-	2.896%	Business transaction	1,406,071	-	-	-	-	817,483	817,483
0	The Company	APAQ Hubei	Other receivables - related parties	Yes	176,940	174,600	-	2.896%	Short-term Financing	-	Operating turnover for subsidiary	-	-	-	817,483	817,483

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 report as audited (reviewed) by CPAs in the most recent period.

2. Endorsement or guarantee provided to others

No.	Name of Endorsement/Guarantee Provider	Object of Endorsements/Guarantees		Limit on Endorsements/Guarantees Provided for A Single Party	Maximum Balance in Current Period	Ending Balance of Endorsement and Guarantee	Amount Actually Drawn	Amount of Endorsement /Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company to A Subsidiary	Guarantee Provided by A Subsidiary to Parent Company	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relation										
0	The Company	APAQ Wuxi	Subsidiary	2,043,708	453,750	203,700	-	-	9.97%	2,043,708	Y	N	Y
0	The Company	APAQ Hubei	Subsidiary	2,043,708	206,430	203,700	-	-	9.97%	2,043,708	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 report 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 report as audited (certified) 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 Marketable Securities	Relationship with the Issuer	Financial Statement Account	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	115,866	4.64%	115,866	
The Company	Foxfortune Technology Ventures Limited	None	Financial assets at fair value through other comprehensive income - non-current-	1,000	41,181	5.80%	41,181	
The Company	Inpaq Korea	None	Financial assets at fair value through other comprehensive income - non-current-	18	1,367	10.73%	1,367	
The Company	Chia Lin Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	1,800	15,912	3.64%	15,912	
The Company	Kuan Kun Electronic Enterprise Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	3,770	50,985	5.39%	50,985	
The Company	Ching Chiao Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current-	240	4,504	3.20%	4,504	
The Company	Yuanxin Semiconductor Co., Limited	None	Financial assets at fair value through other comprehensive income - non-current-	800	8,000	11.43%	8,000	

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 individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital: None.
6. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent 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.
8. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital: None.
9. Trading in derivative instruments: Please refer to Notes VI(II).
10. Business relation and important transactions between parent company and subsidiaries:

No.	Name of Trader	Name of Counterparty	Relation with the Transacting Party	Conditions of Transactions			
				Account	Amount	Terms of Transaction	Ratio to Consolidated Revenue or Total Assets
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Purchases	1,115,991	60 days from end of month	64%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Sales	62,416	60 days from end of month	4%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts receivable	20,860	-	1%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Accounts payable	502,601	-	13%
0	The Company	APAQ Wuxi	Parent company to a subsidiary	Other receivables	138	-	-%

(II) Information on reinvestment:

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

Name of Investor	Name of Investees	Location	Primary Business	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit/Loss	Remark
				End of the Period	End of Last Year	Shares	%	Carrying Amount			
The Company	APAQ Samoa	Samoa	Holding	1,377,960	1,288,569	44,504	100.00%	1,760,587	74,198	38,123	Note 1

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

Note 2. Relevant transactions and ending balances have been eliminated in the consolidated financial statements.

(III) Information on investments in Mainland China:

1. Information on reinvestments in Mainland China

Name of Investee	Primary Business	Paid-in Capital (Note 6)	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Remittance or Recovery of Investment the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Net 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 6)	Recovery							
APAQ Wuxi	Production and sales of electronic components	1,213,470 (USD41,700 thousand)	Note 1	1,203,723 (USD38,700 thousand)	89,390 (USD3,000 thousand)	-	1,293,113 (USD41,700 thousand)	79,941	100.00%	79,941 Note 3	1,757,798	-	
Shenzhen Gather Electronics Science Co., Ltd.	Production and sales of electronic components	42,731 (RMB10,000 thousand)	Note 1	44,898 (RMB9,800 thousand)	-	-	44,898 (RMB9,800 thousand)	(2,588)	35.00%	(624) Note 4	43,704	-	
APAQ Hubei	Production and sales of electronic components	116,400 (USD4,000 thousand)	Note 2	15,590 (USD500 thousand)	104,960 (USD3,500 thousand)	-	120,550 (USD4,000 thousand)	16,766	100.00%	16,766 Note 3	140,283	-	

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
1,458,561(USD45,700 thousand and RMB9,800 thousand)	1,516,761(USD47,700 thousand and RMB9,800 thousand)	(Note 7)

Note 1. Investment in Mainland China indirectly through a third area.

Note 2. Direct investment in Mainland China.

Note 3. It was recognized based on financial statements of the same period reviewed by CPAs.

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

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

Note 6. The paid-in capital is converted into NT dollars at the exchange rate on the balance sheet date. The amount of investment remitted in the current period is converted into NT dollars at previous exchange rates. The investment amount approved by Investment Commission, MOEA of USD 47,700 thousand and RMB 9,800 thousand is converted into NT dollars at previous exchange rates. In addition, as of September 30, 2020, 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 nine months ended September 30, 2020.

(IV) Information on major shareholders:

Unit: Shares

Name of Major Shareholder	Shareholding	No. of Shares Held	Shareholding %
Hua Cheng Venture Capital Co., Ltd.		10,668,012	12.62%
Prosperity Dielectrics Co., Ltd.		5,280,000	6.24%
INPAQ Technology Co., Ltd.		4,776,329	5.65%
Walton Advanced Engineering, Inc.		4,591,000	5.43%

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

XIV. Segment Information

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