

**APEX INTERNATIONAL CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2021 and 2020**

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802
West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208
Telephone: 66-34-490537-40

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~45
(7) Related-party transactions	45~46
(8) Pledged assets	46
(9) Significant commitments and contingencies	47
(10) Losses due to major disasters	47
(11) Subsequent events	47
(12) Other	47~48
(13) Other disclosures	
(a) Information on significant transactions	49
(b) Information on investees	50
(c) Information on investment in China	50
(d) Major shareholders	51
(14) Segment information	51~52



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Review Report

To the Board of Directors
Apex International Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Apex International Co., Ltd. and its subsidiaries ("the Group") as of September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes of the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
November 10, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		For the three months ended September 30				For the nine months ended September 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(r))	\$ 3,610,633	100	3,222,813	100	10,364,094	100	8,810,631	100
5000	Operating costs (notes 6(e), (g), (h), (i), (m) and (n))	<u>2,770,030</u>	<u>77</u>	<u>2,532,089</u>	<u>79</u>	<u>8,239,982</u>	<u>80</u>	<u>6,888,180</u>	<u>78</u>
5900	Gross profit from operations	<u>840,603</u>	<u>23</u>	<u>690,724</u>	<u>21</u>	<u>2,124,112</u>	<u>20</u>	<u>1,922,451</u>	<u>22</u>
6000	Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (p) and 7):								
6188	Selling expenses	204,798	6	181,988	6	604,748	6	511,913	6
6200	Administrative expenses	215,676	6	145,481	4	523,558	5	425,022	5
6300	Research and development expenses	10,150	-	8,304	-	30,988	-	26,062	-
6450	Expected credit loss (reversal of expected credit loss)	<u>(6,003)</u>	<u>-</u>	<u>(222)</u>	<u>-</u>	<u>44,123</u>	<u>-</u>	<u>(17,073)</u>	<u>-</u>
	Total operating expenses	<u>424,621</u>	<u>12</u>	<u>335,551</u>	<u>10</u>	<u>1,203,417</u>	<u>11</u>	<u>945,924</u>	<u>11</u>
6900	Operating income	<u>415,982</u>	<u>11</u>	<u>355,173</u>	<u>11</u>	<u>920,695</u>	<u>9</u>	<u>976,527</u>	<u>11</u>
7000	Non-operating income and expenses (notes 6(b), (g), (l), (m) and (s)):								
7100	Interest income	16	-	671	-	307	-	1,320	-
7010	Other income	8,477	-	3,786	-	28,350	-	25,691	-
7020	Other gains and losses	(32,358)	(1)	19,759	-	(51,956)	(1)	39,307	-
7050	Finance costs	<u>(8,142)</u>	<u>-</u>	<u>(7,176)</u>	<u>-</u>	<u>(22,364)</u>	<u>-</u>	<u>(32,051)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(32,007)</u>	<u>(1)</u>	<u>17,040</u>	<u>-</u>	<u>(45,663)</u>	<u>(1)</u>	<u>34,267</u>	<u>-</u>
7900	Profit from continuing operations before tax	<u>383,975</u>	<u>10</u>	<u>372,213</u>	<u>11</u>	<u>875,032</u>	<u>8</u>	<u>1,010,794</u>	<u>11</u>
7951	Less: Income tax expenses (note 6(o))	<u>1,282</u>	<u>-</u>	<u>10,866</u>	<u>-</u>	<u>44,670</u>	<u>-</u>	<u>15,972</u>	<u>-</u>
8200	Profit	<u>382,693</u>	<u>10</u>	<u>361,347</u>	<u>11</u>	<u>830,362</u>	<u>8</u>	<u>994,822</u>	<u>11</u>
8300	Other comprehensive income:								
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(405,636)	(11)	(349,773)	(11)	(1,085,527)	(10)	(720,978)	(8)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(405,636)</u>	<u>(11)</u>	<u>(349,773)</u>	<u>(11)</u>	<u>(1,085,527)</u>	<u>(10)</u>	<u>(720,978)</u>	<u>(8)</u>
8300	Other comprehensive income (loss)	<u>(405,636)</u>	<u>(11)</u>	<u>(349,773)</u>	<u>(11)</u>	<u>(1,085,527)</u>	<u>(10)</u>	<u>(720,978)</u>	<u>(8)</u>
8500	Total comprehensive income (loss)	<u>\$ (22,943)</u>	<u>(1)</u>	<u>11,574</u>	<u>-</u>	<u>(255,165)</u>	<u>(2)</u>	<u>273,844</u>	<u>3</u>
	Profit, attributable to:								
8610	Owners of parent	\$ 381,032	10	359,812	11	826,747	8	990,553	11
8620	Non-controlling interests	<u>1,661</u>	<u>-</u>	<u>1,535</u>	<u>-</u>	<u>3,615</u>	<u>-</u>	<u>4,269</u>	<u>-</u>
		<u>\$ 382,693</u>	<u>10</u>	<u>361,347</u>	<u>11</u>	<u>830,362</u>	<u>8</u>	<u>994,822</u>	<u>11</u>
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ (22,899)	(1)	11,508	-	(254,236)	(2)	272,604	3
8720	Non-controlling interests	<u>(44)</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>(929)</u>	<u>-</u>	<u>1,240</u>	<u>-</u>
		<u>\$ (22,943)</u>	<u>(1)</u>	<u>11,574</u>	<u>-</u>	<u>(255,165)</u>	<u>(2)</u>	<u>273,844</u>	<u>3</u>
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(q))								
9750	Basic earnings per share	<u>\$ 2.01</u>		<u>1.89</u>		<u>4.35</u>		<u>5.22</u>	
9850	Diluted earnings per share	<u>\$ 2.01</u>		<u>1.89</u>		<u>4.35</u>		<u>5.22</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Special reserve	Retained earnings	Exchange differences on translation of foreign operation	Total equity attributable to owners of parent		
				Unappropriated retained earnings				
				Total				
Balance at January 1, 2020	\$ 1,890,409	2,396,626	300,256	2,396,911	428,276	7,412,478	33,011	7,445,489
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	(569,799)	-	(569,799)	-	(569,799)
Profit	-	-	-	990,553	-	990,553	4,269	994,822
Other comprehensive income	-	-	-	-	(717,949)	(717,949)	(3,029)	(720,978)
Total comprehensive income (loss)	-	-	-	990,553	(717,949)	272,604	1,240	273,844
Conversion of convertible bonds	8,971	8,886	-	-	-	17,857	-	17,857
Changes in non-controlling interests	-	-	-	-	-	-	15	15
Balance at September 30, 2020	\$ 1,899,380	2,405,512	300,256	2,817,665	(289,673)	7,133,140	34,266	7,167,406
Balance at January 1, 2021	\$ 1,899,380	2,405,512	300,256	3,025,728	(6,244)	7,624,632	36,339	7,660,971
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	(569,814)	-	(569,814)	-	(569,814)
Profit	-	-	-	826,747	-	826,747	3,615	830,362
Other comprehensive income	-	-	-	-	(1,080,983)	(1,080,983)	(4,544)	(1,085,527)
Total comprehensive income (loss)	-	-	-	826,747	(1,080,983)	(254,236)	(929)	(255,165)
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	(4,762)	(4,762)
Balance at September 30, 2021	\$ 1,899,380	2,405,512	300,256	3,282,661	(1,087,227)	6,800,582	30,648	6,831,230

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 875,032	1,010,794
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	579,062	554,789
Amortization expense	12,651	11,167
Expected credit loss (reversal of expected credit loss)	44,123	(17,073)
Interest expense	22,364	32,051
Interest income	(307)	(1,320)
Loss (gain) on disposal of property, plant and equipment	(158)	7,939
Impairment loss on non-financial assets	12,000	11,651
Lease modification gain	(27)	(60)
Total adjustments to reconcile profit	669,708	599,144
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	(42,288)	3,308
Notes receivable	(229)	(2,772)
Accounts receivable	(58,863)	(699,571)
Other receivables	(107,329)	(10,230)
Inventories	(1,084,145)	(94,596)
Other current assets	3,009	(23,167)
Total changes in operating assets	(1,289,845)	(827,028)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	(8,279)	5,239
Notes payable	-	(7)
Accounts payable	1,110,685	768,382
Other payables	65,451	143,812
Other current liabilities	(458)	6,401
Other non-current liabilities	2,265	3,758
Total changes in operating liabilities	1,169,664	927,585
Total changes in operating assets and liabilities	(120,181)	100,557
Total adjustments	549,527	699,701
Cash inflow generated from operations	1,424,559	1,710,495
Interest received	307	1,320
Interest paid	(20,356)	(35,212)
Income taxes paid	(51,006)	(18,533)
Net cash flows from operating activities	1,353,504	1,658,070
Cash flows from (used in) investing activities:		
Net cash flow from acquisition of subsidiaries (deduct cash acquired)	-	(163,942)
Acquisition of property, plant and equipment	(2,313,754)	(875,256)
Proceeds from disposal of property, plant and equipment	15,906	3,538
Decrease (increase) in refundable deposits	(1)	495
Acquisition of intangible assets	(18,008)	(4,173)
Decrease (increase) in other non-current financial assets	(3,942)	1,797
Increase in prepayments for equipment	(292,192)	(253,396)
Net cash flows used in investing activities	(2,611,991)	(1,290,937)
Cash flows from (used in) financing activities:		
Increase in short-term loans	580,211	479,880
Proceeds from long-term loans	3,177,835	1,110,187
Repayments of long-term loans	(1,287,978)	(804,195)
Payment of lease liabilities	(65,790)	(109,705)
Cash dividends paid	(569,814)	(569,799)
Cash dividends distributed to non-controlling interests	(4,762)	-
Net cash flows from financing activities	1,829,702	106,368
Effect of exchange rate changes on cash and cash equivalents	(382,762)	(260,075)
Net increase in cash and cash equivalents	188,453	213,426
Cash and cash equivalents at beginning of period	821,682	299,901
Cash and cash equivalents at end of period	\$ 1,010,135	513,327

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Apex International Co., Ltd. (the “Company”) was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange (TPEX) in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. (APT), which is located in Thailand, and became a listed company on the TPEX in the Republic of China (R.O.C.) on October 18, 2011. The Company then changed its listing from the TPEX to the Taiwan Stock Exchange (TWSE) in the R.O.C. on September 8, 2015. APT mainly manufactures and sells electronic printed circuit boards. For the related information, please refer to note 14 of the consolidated financial statements for the year ended December 31, 2020. The Company and its subsidiaries are hereinafter referred to as the Group.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on November 10, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its 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”

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Annual Improvements to IFRS Standards 2018–2020
 - Amendments to IFRS 3 “Reference to the Conceptual Framework”
- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, 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. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	January 1, 2023

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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 IFRS 17 “Insurance Contracts”

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2020.

List of subsidiaries in the consolidated financial statements is as follows:

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 2020
The Company	Apex Circuit (Thailand) Co., Ltd. (APT)	PCB manufacturing and sales	99.58 %	99.58 %	99.58 %
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00 %	100.00 %	100.00 %
APT	Shye Feng Enterprise (Thailand) Co., Ltd. (APS)	PCB manufacturing and sales	99.99 %	99.99 %	99.99 %
APT	Apex IPO (Dong Guan) Ltd. (APC)	Supply chain integration	100.00 %	100.00 %	100.00 %
APS	Shye Feng (Singapore) Pte. Ltd. (APSS)	PCB sales development	100.00 %	100.00 %	100.00 %

Subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year and adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management, and any resulting current and deferred tax expense should be recognized accordingly.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Except for the following, the preparation of the consolidated financial statements are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash	\$ 3,360	6,319	1,270
Demand deposits	843,558	789,182	476,565
Checking deposits	154,857	17,629	26,754
Time deposits	8,360	8,552	8,738
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,010,135</u>	<u>821,682</u>	<u>513,327</u>

Reserve account deposits that are not highly liquid and cannot be readily converted to a known amount of cash, or the values of which are subject to fluctuation, are listed under other financial assets — non-current as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Restricted bank deposit	<u>\$ 8,253</u>	<u>4,311</u>	<u>4,405</u>

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging and long-term loans.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities measured at fair value through profit or loss

(i) Financial assets measured at fair value — Current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>52,880</u>	<u>10,592</u>	<u>162</u>

(ii) Financial liabilities measured at fair value — Current

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>-</u>	<u>8,279</u>	<u>8,529</u>

Please refer to note 6(s) for the amounts recognized in the comprehensive income statements that resulted from remeasurement at fair value.

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets (liabilities) as of September 30, 2021, December 31, 2020, and September 30, 2020.

Forward exchange contracts:

<u>September 30, 2021</u>					
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>		<u>Fair value of assets (liabilities)</u>
Forward exchange purchased	USD 16,000	NTD to USD	2022.2.14	\$	385
Forward exchange purchased	USD 41,680	THB to USD	2021.10.4 ~2022.3.28		52,495
				\$	<u>52,880</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Amount				Fair value of
	(in thousands)	Currency	Maturity dates		assets
					(liabilities)
Forward exchange sold	USD 8,000	USD to THB	2021.1.12 ~2021.2.25	\$	<u><u>10,592</u></u>
Forward exchange purchased	USD 6,000	USD to THB	2021.1.4	\$	(6,240)
Forward exchange purchased	USD 5,000	NTD to USD	2021.1.20		(2,039)
				\$	<u><u>(8,279)</u></u>
September 30, 2020					
	Amount				Fair value of
	(in thousands)	Currency	Maturity dates		assets
					(liabilities)
Forward exchange sold	USD 2,000	USD to THB	2021.1.29	\$	<u><u>162</u></u>
Forward exchange sold	USD 8,000	USD to THB	2021.1.12 ~2021.2.25	\$	(1,828)
Forward exchange purchased	USD 16,000	NTD to USD	2020.11.11 ~2021.1.04		(6,701)
				\$	<u><u>(8,529)</u></u>

Please refer to note 6(l) for financial assets measured at fair value through profit or loss components from issuing unsecured convertible bonds.

Please refer to note 8 for more information on the collateral for derivative instruments not used for hedging.

(c) Notes receivable and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 890	661	3,175
Accounts receivable	3,745,349	3,690,646	3,697,434
Less: loss allowance	(46,859)	(6,896)	(2,873)
	<u><u>\$ 3,699,380</u></u>	<u><u>3,684,411</u></u>	<u><u>3,697,736</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on the regions that customers stand for, shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomics and relevant industry information.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Taiwan and Mainland China were as follows:

	September 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 361,625	0.60	2,169
Past due 1~30 days	122,892	2.38	2,930
Past due 31~60 days	33,401	8.97	2,997
Past due 61~90 days	2	-	-
Past due 91~120 days	110	37.27	41
Past due 121~180 days	18	50.00	9
Past due over 180 days	162	100.00	162
	\$ 518,210		8,308
	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 474,579	-	-
Past due 1~30 days	110,751	-	-
Past due 31~60 days	48,870	-	-
Past due 61~90 days	17,002	-	-
Past due 121~180 days	721	42.30	305
Past due over 180 days	5	100.00	5
	\$ 651,928		310
	September 30, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 480,634	-	-
Past due 1~30 days	110,092	-	-
Past due 31~60 days	31,713	-	-
Past due 61~90 days	105	-	-
Past due 91~120 days	194	20.62	40
Past due 121~180 days	2	50.00	1
Past due over 180 days	5	100.00	5
	\$ 622,745		46

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Japan and Korea were as follows:

September 30, 2021			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 263,447	-	-
Past due 1~30 days	21,950	-	-
Past due 31~60 days	6,052	-	-
Past due 61~90 days	5	-	-
	<u>\$ 291,454</u>		<u>-</u>
December 31, 2020			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 261,135	-	-
Past due 1~30 days	17,402	-	-
Past due 31~60 days	1,872	-	-
Past due 91~120 days	78	26.92	21
	<u>\$ 280,487</u>		<u>21</u>
September 30, 2020			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 277,182	-	-
Past due 1~30 days	13,821	-	-
Past due 31~60 days	14	-	-
	<u>\$ 291,017</u>		<u>-</u>

The Group's analyses of the expected credit loss on its accounts receivable in the region of India were as follows:

September 30, 2021			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	<u>\$ 1,848</u>	100.00	<u>1,848</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ <u>1,890</u>	100.00	<u>1,890</u>

September 30, 2020			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ <u>1,926</u>	100.00	<u>1,926</u>

The Group's analyses of the expected credit loss on its notes receivable and accounts receivable in other Asian region were as follows:

September 30, 2021			
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,840,587	0.01	116
Past due 1~30 days	255,904	0.03	69
Past due 31~60 days	10,816	0.31	33
Past due 61~90 days	1,895	-	-
Past due 91~120 days	849	14.96	127
Past due over 180 days	<u>175</u>	100.00	<u>175</u>
	<u>\$ 2,110,226</u>		<u>520</u>

The accounts receivable above does not contain all the amounts that the Group has for a certain client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount is \$34,930 thousand.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,615,811	0.01	125
Past due 1~30 days	302,963	0.03	86
Past due 31~60 days	33,862	1.47	497
Past due 61~90 days	26,084	0.38	99
Past due 121~180 days	80	32.50	26
Past due over 180 days	237	100.00	237
	\$ 1,979,037		1,070

	September 30, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,568,081	0.01	154
Past due 1~30 days	338,700	0.04	131
Past due 31~60 days	50,691	0.23	115
Past due 61~90 days	6,526	-	-
Past due 91~120 days	125	15.20	19
Past due 121~180 days	28	25.00	7
Past due over 180 days	204	100.00	204
	\$ 1,964,355		630

The Group's analyses of the expected credit loss on its accounts receivable in the Western region (Europe and America) were as follows:

	September 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 714,386	0.10	701
Past due 1~30 days	55,538	0.51	282
Past due 31~60 days	19,647	1.37	270
	\$ 789,571		1,253

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 564,569	0.10	553
Past due 1~30 days	52,134	0.51	264
Past due 31~60 days	149,793	1.37	2,051
Past due 61~90 days	8,953	3.42	306
Past due 91~120 days	873	10.88	95
Past due 121~180 days	1,491	12.34	184
Past due over 180 days	152	100.00	152
	\$ 777,965		3,605

	September 30, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 716,854	0.01	42
Past due 1~30 days	85,881	0.05	44
Past due 31~60 days	10,423	0.24	25
Past due 61~90 days	5,468	0.80	44
Past due 91~120 days	304	5.92	18
Past due 121~180 days	1,636	5.99	98
	\$ 820,566		271

The movements in the allowance of accounts receivable were as follows:

	For the nine months ended September 30	
	2021	2020
Balance at the beginning	\$ 6,896	21,041
Acquisition through business combination	-	318
Impairment losses (reversal gain)	44,123	(17,073)
Foreign exchange losses	(4,160)	(1,413)
Balance at the ending	\$ 46,859	2,873

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Other receivables

	September 30, 2021	December 31, 2020	September 30, 2020
Other receivables	\$ <u>178,371</u>	<u>71,042</u>	<u>45,956</u>

The Group does not have any past due other receivables as of September 30, 2021, December 31, 2020, and September 30, 2020.

For more information on credit risk, please refer to note 6(t).

(e) Inventories

	September 30, 2021		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,200,805	(38,915)	1,161,890
Work in process	523,630	(13,390)	510,240
Finished goods	925,182	(74,796)	850,386
Supplies and spare parts	693,490	(40,414)	653,076
Goods in transit	130,003	-	130,003
Merchandise inventory	<u>6,430</u>	<u>-</u>	<u>6,430</u>
Total	<u>\$ 3,479,540</u>	<u>(167,515)</u>	<u>3,312,025</u>

	December 31, 2020		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 696,155	(41,558)	654,597
Work in process	341,756	(6,428)	335,328
Finished goods	689,798	(22,113)	667,685
Supplies and spare parts	465,241	(43,919)	421,322
Goods in transit	142,978	-	142,978
Merchandise inventory	<u>5,970</u>	<u>-</u>	<u>5,970</u>
Total	<u>\$ 2,341,898</u>	<u>(114,018)</u>	<u>2,227,880</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2020		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 727,703	(42,479)	685,224
Work in process	338,680	(5,792)	332,888
Finished goods	512,264	(11,867)	500,397
Supplies and spare parts	449,991	(85,265)	364,726
Goods in transit	71,610	-	71,610
Merchandise inventory	3,403	-	3,403
Total	<u><u>\$ 2,103,651</u></u>	<u><u>(145,403)</u></u>	<u><u>1,958,248</u></u>

For the nine months ended September 30, 2021 and 2020, in addition to the normal cost of goods sold, the following loss and revenue were included in the Group's operating costs:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Allowance for inventory valuation and obsolescence losses	\$ 1,022	14,508	74,281	13,707
Revenue from sale of scrap	(106,423)	(79,702)	(335,775)	(198,020)
Loss on inventory obsolescence	89,761	84,548	238,175	239,154
	<u><u>\$ (15,640)</u></u>	<u><u>19,354</u></u>	<u><u>(23,319)</u></u>	<u><u>54,841</u></u>

As of September 30, 2021, December 31, 2020, and September 30, 2020, the Group did not pledge its inventory as collateral.

(f) **Business combination**

On October 3, 2019, the Company's Board of Directors resolved to acquire shares of APS in order to diversify its production line. The acquisition would be completed in January 2020, with a purchase amount not exceeding 281,000 thousand Baht. The Group has obtained the control of APS by acquiring 99.99% shares of APS in January 2020.

Please refer to note 6(f) of the 2020 consolidated financial statements for related information on the acquisition.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the nine months ended September 30, 2021 and 2020, were as follows:

		<u>Land</u>	<u>Land improvement</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Unfinished construction and equipment undergoing acceptance testing</u>	<u>Total</u>
Cost:										
Balance at January 1, 2021	\$	740,846	8,066	2,323,404	7,908,213	15,960	474,606	17,855	1,047,902	12,536,852
Additions		933	108	63,431	296,487	2,087	83,790	7,243	2,384,640	2,838,719
Disposals		-	-	(1,422)	(50,366)	-	(2,349)	-	-	(54,137)
Reclassification (notes 1, 2 and 3)		-	-	29,218	546,130	-	129	-	(172,507)	402,970
Translation effect		(99,766)	(1,093)	(263,180)	(887,372)	2,555	(68,523)	(2,640)	(303,027)	(1,623,046)
Balance at September 30, 2021	\$	<u>642,013</u>	<u>7,081</u>	<u>2,151,451</u>	<u>7,813,092</u>	<u>20,602</u>	<u>487,653</u>	<u>22,458</u>	<u>2,957,008</u>	<u>14,101,358</u>
Balance at January 1, 2020	\$	351,537	8,335	2,297,849	7,767,265	12,912	464,785	10,902	204,952	11,118,537
Acquisition through business combination		38,489	-	65,250	39,118	2,391	1,275	-	4,879	151,402
Additions		96,161	202	59,104	397,357	1,832	30,942	2,785	677,560	1,265,943
Disposals		-	-	-	(479,915)	-	(2,032)	-	-	(481,947)
Reclassification (notes 1 and 3)		-	-	24,837	246,541	-	(3)	-	(20,188)	251,187
Translation effect		(37,051)	(740)	(216,459)	(716,963)	(1,895)	(41,842)	(862)	(36,639)	(1,052,451)
Balance at September 30, 2020	\$	<u>449,136</u>	<u>7,797</u>	<u>2,230,581</u>	<u>7,253,403</u>	<u>15,240</u>	<u>453,125</u>	<u>12,825</u>	<u>830,564</u>	<u>11,252,671</u>
Accumulated depreciation and impairment losses:										
Balance at January 1, 2021	\$	-	4,834	902,104	3,783,721	12,619	306,078	10,954	-	5,020,310
Depreciation		-	599	98,492	325,077	825	37,024	1,848	-	463,865
Impairment loss		-	-	-	12,000	-	-	-	-	12,000
Disposals		-	-	(520)	(35,676)	-	(2,193)	-	-	(38,389)
Reclassification (note 3)		-	-	-	115,712	-	-	-	-	115,712
Translation effect		-	(694)	(72,405)	(304,851)	3,094	(42,469)	(1,317)	-	(418,642)
Balance at September 30, 2021	\$	<u>-</u>	<u>4,739</u>	<u>927,671</u>	<u>3,895,983</u>	<u>16,538</u>	<u>298,440</u>	<u>11,485</u>	<u>-</u>	<u>5,154,856</u>
Balance at January 1, 2020	\$	-	4,231	826,368	3,921,969	10,384	278,836	8,908	-	5,050,696
Depreciation		-	623	95,463	365,691	2,342	33,442	1,624	-	499,185
Impairment loss		-	-	-	11,651	-	-	-	-	11,651
Disposals		-	-	-	(468,704)	-	(1,766)	-	-	(470,470)
Reclassification (note 3)		-	-	-	23,971	-	(2)	-	-	23,969
Translation effect		-	(390)	(81,242)	(367,986)	(1,474)	(25,434)	(661)	-	(477,187)
Balance at September 30, 2020	\$	<u>-</u>	<u>4,464</u>	<u>840,589</u>	<u>3,486,592</u>	<u>11,252</u>	<u>285,076</u>	<u>9,871</u>	<u>-</u>	<u>4,637,844</u>
Carrying amount:										
Balance at January 1, 2021	\$	740,846	3,232	1,421,300	4,124,492	3,341	168,528	6,901	1,047,902	7,516,542
Balance at September 30, 2021	\$	<u>642,013</u>	<u>2,342</u>	<u>1,223,780</u>	<u>3,917,109</u>	<u>4,064</u>	<u>189,213</u>	<u>10,973</u>	<u>2,957,008</u>	<u>8,946,502</u>
Balance at September 30, 2020	\$	<u>449,136</u>	<u>3,333</u>	<u>1,389,992</u>	<u>3,766,811</u>	<u>3,988</u>	<u>168,049</u>	<u>2,954</u>	<u>830,564</u>	<u>6,614,827</u>

- Note 1: The cost of \$245,467 thousand and \$156,805 thousand, respectively, were transferred from prepayment for equipment for the nine months ended September 30, 2021 and 2020.
- Note 2: The cost of \$2,037 thousand was reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the nine months ended September 30, 2021.
- Note 3: The cost of \$159,540 thousand and \$115,712 thousand, respectively, accumulated depreciation of \$94,382 thousand and \$23,969 thousand, respectively, were reclassified from right-of-use assets for the nine months ended September 30, 2021 and 2020.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group tested the majority of the idle machinery for impairment and estimated the differences between the book value and the recoverable amount. The impairment loss recognized was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Impairment loss	<u>\$ 3,779</u>	<u>4,234</u>	<u>12,000</u>	<u>11,651</u>

The Group used fair value less selling cost to calculate the recoverable amount as the basis to measure the impairment of the idle property, plant and equipment.

Please refer to note 6(s) for the amount of interest expenses capitalized.

Please refer to note 8 for more information on the collateral for loans.

(h) Right-of-use assets

The Group leases many assets including buildings, machinery and equipment, and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
Cost:					
Balance at January 1, 2021	\$ 101,810	298,022	41,670	1,418	442,920
Additions	26,852	30,491	6,356	-	63,699
Disposals	(1,707)	-	-	-	(1,707)
Reclassification	-	(159,540)	-	-	(159,540)
Translation effect	(13,591)	(30,654)	(6,041)	(191)	(50,477)
Balance at September 30, 2021	<u>\$ 113,364</u>	<u>138,319</u>	<u>41,985</u>	<u>1,227</u>	<u>294,895</u>
Balance at January 1, 2020	\$ 107,596	526,283	26,546	-	660,425
Acquisition through business combination	-	-	286	-	286
Additions	7,948	6,658	4,709	241	19,556
Disposals	(3,319)	-	-	-	(3,319)
Reclassification	-	(94,382)	-	-	(94,382)
Translation effect	(8,695)	(43,996)	(2,250)	(7)	(54,948)
Balance at September 30, 2020	<u>\$ 103,530</u>	<u>394,563</u>	<u>29,291</u>	<u>234</u>	<u>527,618</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 28,517	96,275	19,950	243	144,985
Depreciation	22,281	85,176	7,381	359	115,197
Disposals	(569)	-	-	-	(569)
Reclassification	-	(115,712)	-	-	(115,712)
Translation effect	(4,382)	(10,721)	(3,212)	(59)	(18,374)
Balance at September 30, 2021	<u>\$ 45,847</u>	<u>55,018</u>	<u>24,119</u>	<u>543</u>	<u>125,527</u>
Balance at January 1, 2020	\$ 27,261	121,793	10,386	-	159,440
Depreciation	20,232	27,776	7,536	60	55,604
Disposals	(1,455)	-	-	-	(1,455)
Reclassification	-	(23,969)	-	-	(23,969)
Translation effect	(2,595)	(10,847)	(888)	(1)	(14,331)
Balance at September 30, 2020	<u>\$ 43,443</u>	<u>114,753</u>	<u>17,034</u>	<u>59</u>	<u>175,289</u>
Carrying amount:					
Balance at January 1, 2021	<u>\$ 73,293</u>	<u>201,747</u>	<u>21,720</u>	<u>1,175</u>	<u>297,935</u>
Balance at September 30, 2021	<u>\$ 67,517</u>	<u>83,301</u>	<u>17,866</u>	<u>684</u>	<u>169,368</u>
Balance at September 30, 2020	<u>\$ 60,087</u>	<u>279,810</u>	<u>12,257</u>	<u>175</u>	<u>352,329</u>

(i) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the nine months ended September 30, 2021 and 2020, were as follows:

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Costs:					
Balance at January 1, 2021	\$ 119,155	3,110	40,789	112,334	275,388
Addition	-	-	-	18,008	18,008
Reclassification from property, plant and equipment	-	-	-	2,037	2,037
Translation effect	(16,035)	(419)	(5,489)	(16,471)	(38,414)
Balance at September 30, 2021	<u>\$ 103,120</u>	<u>2,691</u>	<u>35,300</u>	<u>115,908</u>	<u>257,019</u>
Balance at January 1, 2020	\$ -	-	-	111,021	111,021
Acquisition through business combinations	126,315	3,298	43,240	259	173,112
Additions	-	-	-	4,173	4,173
Translation effect	(11,141)	(291)	(3,813)	(9,892)	(25,137)
Balance at September 30, 2020	<u>\$ 115,174</u>	<u>3,007</u>	<u>39,427</u>	<u>105,561</u>	<u>263,169</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Amortization and impairment loss:					
Balance at January 1, 2021	\$ -	622	4,079	82,590	87,291
Amortization	-	436	2,857	9,358	12,651
Translation effect	-	(116)	(759)	(11,706)	(12,581)
Balance at September 30, 2021	<u>\$ -</u>	<u>942</u>	<u>6,177</u>	<u>80,242</u>	<u>87,361</u>
Balance at January 1, 2020	\$ -	-	-	76,097	76,097
Amortization	-	464	3,041	7,662	11,167
Translation effect	-	(13)	(84)	(6,906)	(7,003)
Balance at September 30, 2020	<u>\$ -</u>	<u>451</u>	<u>2,957</u>	<u>76,853</u>	<u>80,261</u>
Carrying amount:					
Balance at January 1, 2021	<u>\$ 119,155</u>	<u>2,488</u>	<u>36,710</u>	<u>29,744</u>	<u>188,097</u>
Balance at September 30, 2021	<u>\$ 103,120</u>	<u>1,749</u>	<u>29,123</u>	<u>35,666</u>	<u>169,658</u>
Balance at September 30, 2020	<u>\$ 115,174</u>	<u>2,556</u>	<u>36,470</u>	<u>28,708</u>	<u>182,908</u>

The goodwill amounted to THB 125,176 thousand for the group arising from the acquisition of APS at January 1, 2020 is mainly attributed to utilizing the current capacity of APS, so that diversification of products is achieve for the Group. According to IFRS 36, impairment test on goodwill arise from business combination should at least be performed annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, that are expected to benefit from the synergies of the combination. APS itself is a separate cash-generating unit that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of APS with its carrying amount to determine whether an impairment loss should be recognized.

The external expert report regarding to asset impairment test issued by an expert engaged by the Group had been prepared based on the APS's financial forecast covering 2021 to 2025 as of April 30, 2021. The projection of operating revenue over the forecast period was made based on the geographical location and product types. Therefore, the consolidated financial statements mainly evaluate and illustrate whether the actual operating revenue and gross profit margin achieves the forecast operating revenue and gross profit margin for the nine months ended September 30, 2021. For the nine months ended September 30, 2021, the actual operating revenue was higher than projected; however, the gross profit margin was lower than the forecast due to the increase of the price of raw material at the end of 2020.

Based on the result of value-in-use calculation, the recoverable amount of APS of THB 512,342 thousand, which is higher in comparison to the book value. Therefore, no impairment is recognized.

The recoverable amount of APS had been determined based on a value in use calculation. The calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated into the future using the estimated growth rate described below. The key assumptions used in the value in use calculation are as follows:

- (i) Projections on the cash flows are based on historical experience, actual operational results, and corporate strategic plans for the following five years.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The after-tax discount rate is based on the Group's weighted-average cost of capital. As of April 30, 2021, the adopted discount rate is 13.20%

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the Thailand government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal GDP rates for the countries in which the CGU operates and the long-term compound annual EBITDA growth rate estimated by management.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for the anticipated revenue growth. Revenue growth was projected taking into account the average growth levels past experience and the estimated sales volume, and price growth for the next five years.

- (j) Short-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
Secured loans	\$ 84,220	33,317	54,286
Unsecured loans	1,639,089	1,336,632	1,352,799
Total	<u>\$ 1,723,309</u>	<u>1,369,949</u>	<u>1,407,085</u>
Unused credit line	<u>\$ 2,045,130</u>	<u>3,916,525</u>	<u>3,873,261</u>
Interest rate (%)	<u>0.29~4.09</u>	<u>0.32~4.09</u>	<u>0.38~4.09</u>

Please refer to note 8 for more information on the collateral for loans.

- (k) Long-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
Secured loans	\$ 2,449,366	1,721,901	1,099,339
Unsecured loans	1,419,713	611,228	258,921
Less: deferred financing fee	(3,231)	(5,202)	(2,468)
Subtotal	3,865,848	2,327,927	1,355,792
Less: current portion	(475,567)	(297,010)	(121,727)
Total	<u>\$ 3,390,281</u>	<u>2,030,917</u>	<u>1,234,065</u>
Unused credit line	<u>\$ 3,075,520</u>	<u>4,408,821</u>	<u>1,164,674</u>
Interest rate (%)	<u>0.96~4.00</u>	<u>1.05~3.75</u>	<u>1.05~3.75</u>
Maturity date	<u>2022.8~2026.2</u>	<u>2022.8~2025.10</u>	<u>2022.8~2025.7</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Collateral for loans

Please refer to note 8 for more information on the collateral for loans.

(ii) Loan contract

- 1) APT entered into agreements with E. Sun Commercial Bank and E. Sun Bank (China). For the nine months ended September 30, 2021, APT has obtained a credit line of USD 20,000 thousand bearing an interest rate 0.98% and maturing in January 2026. The main commitment clauses in the contract are as follows:

- a) The current ratio (current asset/current liability less current portion) must exceed 100%.
- b) The debt ratio (liability/tangible equity) cannot exceed 180%.
- c) Interest coverage ratio [(net income before tax + interest expense + depreciation + amortization) / interest expense] must exceed 300%.
- d) The tangible equity (total equity - intangible asset) must exceed NTD \$4.5 billion.

The ratios mentioned above shall be calculated based on the audited annual consolidated financial statements of the Group. Either, the Group or independent auditor should provide a declaration which states no breach of such commitment upon annual review.

- 2) APT entered into agreements with Mega International Commercial Bank. For the nine months ended September 30, 2021, APT has obtained a credit line of THB 200,000 thousand bearing an interest rate 2.68 % and maturing in May 2024. The main commitment clauses in the contract are as follows:

- a) The current ratio (current asset/current liability less current portion) must exceed 100%.
- b) The debt ratio (liability/tangible equity) cannot exceed 180%.
- c) Interest coverage ratio [(net income before tax + interest expense + depreciation + amortization) / interest expense] must exceed 300%.
- d) The tangible equity (total equity - intangible asset) must exceed NTD \$5.0 billion.

The ratios mentioned above shall be calculated based on the audited annual consolidated financial statements of the Group. Either, the Group or independent auditor should provide a declaration which states no breach of such commitment upon annual review.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Corporate bonds payable

For the nine months ended September 30, 2021 and 2020, the Group did not issue or buyback convertible bonds. Please refer to note 6(l) of the 2020 consolidated financial statements for related information. Please refer to note 6(p) for more information on the conversion of convertible bonds into common stock for the nine months ended September 30, 2021 and 2020.

The third convertible bonds of the Group were fully converted as of June 30, 2020.

(i) Financial assets measured at fair value through profit or loss were as follows:

	For the year ended December 31, 2020	For the nine months ended September 30, 2020
	Third unsecured convertible bond	Third unsecured convertible bond
Beginning balance	\$ 16	16
Valuation loss	(12)	(12)
Conversion	(4)	(4)
Ending balance	<u>\$ -</u>	<u>-</u>

(ii) The balances of the equity component recorded as capital surplus—stock warrants were as follows:

	For the year ended December 31, 2020	For the nine months ended September 30, 2020
	Third unsecured convertible bond	Third unsecured convertible bond
Beginning balance	\$ 839	839
Less: conversion	839	839
Ending balance	<u>\$ -</u>	<u>-</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liabilities

The amounts of leased liability were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ 41,555	71,422	86,676
Non-current	81,907	73,633	47,371
	<u>\$ 123,462</u>	<u>145,055</u>	<u>134,047</u>

Please refer to note 6(t) for more information on maturity analysis.

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ 1,034	1,688	4,131	6,045
Variable lease payments not included in the measurement of lease liabilities	\$ -	-	-	194
Expenses relating to short-term leases	\$ 757	(511)	1,715	675
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 141	799	591	827

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the nine months ended September 30	
	2021	2020
Total cash outflow from operating activities	\$ 6,437	7,741
Total cash outflow from investing activities	65,790	109,705
Total cash outflow for leases	<u>\$ 72,227</u>	<u>117,446</u>

(i) Real estate leases

As of September 30, 2021, the Group leases buildings for its office space and warehouse. The leases of warehouse typically run for a period of 2 to 6 years, and of office for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of buildings contain extension options exercisable by the Group, the extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

As of September 30, 2021, the Group leases office equipment and vehicles with lease terms of 1 to 7 years. Some of these leases are considered as short-term leases or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant curtailments, settlements, or other one-time events in the prior fiscal year, pension cost in the interim financial statements is measured and disclosed in accordance with the pension cost determined by the actuarial report issued for the years ended December 31, 2020 and 2019.

The Group's expenses recognized in profit or loss, were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Operating costs	\$ 1,828	1,428	5,804	4,313
Administration expenses	1,057	1,400	3,356	4,228
	<u>\$ 2,885</u>	<u>2,828</u>	<u>9,160</u>	<u>8,541</u>

(ii) Defined contribution plans

Pension costs paid by the Group to the Bureau of Labor Insurance based on the defined contribution plans were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Administration expenses	<u>\$ 259</u>	<u>241</u>	<u>738</u>	<u>703</u>

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$8,283 thousand, \$6,294 thousand and \$6,583 thousand as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Income taxes

The amounts of income tax for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ 1,282	10,815	44,670	15,921
Adjustment for prior periods	-	51	-	51
Income tax expenses	<u>\$ 1,282</u>	<u>10,866</u>	<u>44,670</u>	<u>15,972</u>

The Company and AET are not required to pay income tax in the country in which they are incorporated, so there is no need to file an income tax return.

In Thailand and Singapore, where APT, APS and APSS operate, income taxes do not require approval by the tax authority. Income taxes paid in prior years have received income tax receipts up to 2020. The income tax return of AET's Taiwan Branch and the Company's Taiwan Branch had been approved by the Revenue department through 2019. The income tax of APC had been approved by the Revenue department through 2020.

(p) Share capital and other equity

Except for the following, there were no significant changes in the Group's share capital and other equity for the nine months ended September 30, 2021 and 2020. Please refer to note 6(p) of the 2020 consolidated financial statements for related information.

Reconciliation of shares outstanding for the nine months ended September 30, 2021 and 2020, was as follows:

	Unit: Thousand shares	
	For the nine months ended September 30	
	2021	2020
Balance at January 1	189,938	189,041
Conversion of convertible bonds	-	897
Balance at September 30	<u>189,938</u>	<u>189,938</u>

(i) Issuance of common stock

In the nine months ended September 30, 2020, the third convertible bondholders converted bonds into common stock, and of which 897 thousand shares were converted at par value, amounting to \$8,971 thousand. Registration processes in relation to the bond conversion have been completed.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Distribution of earnings

According to the Articles of Association, if the Company is profitable during the given accounting year, then the Company is allowed to set aside a maximum amount of 2% of its net profit as remuneration to employees, directors, and supervisors. However, when experiencing a cumulative loss, the Company shall first appropriate a reserve amount to offset the cumulative loss. The Company's estimated remuneration for employees, directors and supervisors for the nine months ended September 30, 2021 and 2020 was \$0 thousand and \$540 thousand, respectively. Should there be difference between the actual distribution amount that was resolved by shareholders' meeting and the estimated amount, it will be regarded as changes in accounting estimates and errors, and it will be adjusted in the Company's profit or loss for the given year.

On March 3, 2021, the employee remuneration, as well as remuneration to directors and supervisors of \$0 thousand and \$720 thousand, respectively, which were approved during the Company's Board of Directors meeting, were the same as those recognized in the 2020 financial statements. On July 2, 2021, the distribution of earnings were approved during the shareholders' meeting. The related information is available on the Market Observation Post System website.

On July 2, 2021 and On June 5, 2020, the shareholder's meetings resolved to appropriate the 2020 and 2019 earnings. These earnings were appropriated as follows:

	<u>2020</u>	<u>2019</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u>569,814</u>	<u>569,799</u>

(q) Earnings per share

	For the three months ended September 30		Unit: Thousand shares For the nine months ended September 30	
			2021	2020
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Basic EPS:				
Net income	\$ <u>381,032</u>	<u>359,812</u>	<u>826,747</u>	<u>990,553</u>
Weighted-average number of common shares outstanding	<u>189,938</u>	<u>189,938</u>	<u>189,938</u>	<u>189,779</u>
Basic EPS (New Taiwan Dollars)	\$ <u>2.01</u>	<u>1.89</u>	<u>4.35</u>	<u>5.22</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Diluted EPS:				
Net income	\$ 381,032	359,812	826,747	990,553
Influence of dilutive expenses	-	-	-	76
Net income for calculating diluted EPS	<u>\$ 381,032</u>	<u>359,812</u>	<u>826,747</u>	<u>990,629</u>
Weighted-average number of common shares outstanding	189,938	189,938	189,938	189,779
Conversion of convertible bonds	-	-	-	159
Weighted-average number of common shares outstanding — diluted	<u>189,938</u>	<u>189,938</u>	<u>189,938</u>	<u>189,938</u>
Diluted EPS (New Taiwan Dollars)	<u>\$ 2.01</u>	<u>1.89</u>	<u>4.35</u>	<u>5.22</u>

(r) Revenues from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Primary geographical markets:				
Singapore	\$ 875,842	661,847	2,103,675	1,685,052
Thailand	667,650	539,562	1,954,217	1,603,129
Vietnam	359,487	312,654	1,344,144	965,415
Samoa	442,002	327,713	1,145,439	741,789
Korea	336,150	299,720	1,094,847	1,018,585
Other	<u>929,502</u>	<u>1,081,317</u>	<u>2,721,772</u>	<u>2,796,661</u>
	<u>\$ 3,610,633</u>	<u>3,222,813</u>	<u>10,364,094</u>	<u>8,810,631</u>
Main product/service line				
Single-layer PCB sales	\$ 142,551	151,643	463,716	433,659
Double-layer PCB sales	1,188,554	579,636	3,111,557	1,763,792
Multi-layer PCB sales	2,260,074	2,488,276	6,746,480	6,615,896
Other	19,706	6,039	50,475	13,514
Less: sales return and allowance	<u>(252)</u>	<u>(2,781)</u>	<u>(8,134)</u>	<u>(16,230)</u>
	<u>\$ 3,610,633</u>	<u>3,222,813</u>	<u>10,364,094</u>	<u>8,810,631</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Remaining balances of contract

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivable	\$ 890	661	3,175
Accounts receivable	3,745,349	3,690,646	3,697,434
Less: loss allowance	(46,859)	(6,896)	(2,873)
Total	<u>\$ 3,699,380</u>	<u>3,684,411</u>	<u>3,697,736</u>

(s) Non-operating income and expenses

(i) Interest income

The details of interest income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest income on bank deposits	<u>\$ 16</u>	<u>671</u>	<u>307</u>	<u>1,320</u>

(ii) Other income

The details of other income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Income from cancellation of orders	\$ 6,428	404	18,161	9,654
Others	<u>2,049</u>	<u>3,382</u>	<u>10,189</u>	<u>16,037</u>
	<u>\$ 8,477</u>	<u>3,786</u>	<u>28,350</u>	<u>25,691</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Gains (Losses) on disposal of property, plant and equipment	\$ (31)	(1,166)	158	(7,939)
Foreign exchange gains (losses), net	(61,321)	28,850	(93,352)	67,617
Valuation gains (losses) on financial assets (liabilities), net	32,777	(3,655)	53,263	(8,670)
Impairment loss	(3,779)	(4,234)	(12,000)	(11,651)
Gain on lease modifications	-	60	27	60
Other	(4)	(96)	(52)	(110)
	<u><u>\$ (32,358)</u></u>	<u><u>19,759</u></u>	<u><u>(51,956)</u></u>	<u><u>39,307</u></u>

(iv) Finance cost

The details of finance cost are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Interest expense on loans from banks	\$ 22,793	8,021	56,930	30,740
Interest expense on lease liabilities	1,034	1,688	4,131	6,045
Less: interest expense capitalized	(15,685)	(2,533)	(38,697)	(4,798)
Amortization of discount on bonds payable	-	-	-	64
	<u><u>\$ 8,142</u></u>	<u><u>7,176</u></u>	<u><u>22,364</u></u>	<u><u>32,051</u></u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Financial instruments

Except for the following, there were no significant changes in the credit risk and interest rate risk the Group was exposed to. Please refer to note 6(t) of the 2020 consolidated financial statements for related information.

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure.

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. The Group's accounts receivable are obviously concentrated on three main customers, which accounted for 42%, 40% and 41% of the total amount of notes and accounts receivable as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively. As of September 30, 2021, December 31, 2020, and September 30, 2020, the Group's accounts receivable concentrated on three main customers were \$1,550,302 thousand, \$1,455,501 thousand and \$1,512,736 thousand, respectively.

3) Credit risk of accounts receivable

Please refer to note 6(c) for information on credit risk of accounts receivable; and note 6(d) for details of other receivables. All of other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the maturity of the financial liabilities including estimated interest:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
September 30, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 1,723,309	1,726,615	1,726,615	-	-
Long-term loans	3,865,848	4,067,280	558,079	1,196,075	2,313,126
Lease liabilities	123,462	131,335	44,784	32,540	54,011
Accounts payable	3,545,364	3,545,364	3,545,364	-	-
Other payables (including payables on equipment)	1,556,755	1,556,755	1,556,755	-	-
Long-term payable	174,948	174,948	-	159,398	15,550
	<u>\$ 10,989,686</u>	<u>11,202,297</u>	<u>7,431,597</u>	<u>1,388,013</u>	<u>2,382,687</u>
December 31, 2020					
Non-derivative financial liabilities					
Secured bank loans	\$ 1,750,016	1,829,623	348,103	1,041,945	439,575
Unsecured bank loans	1,947,860	1,973,000	1,368,809	466,358	137,833
Lease liabilities	145,055	153,151	75,113	31,058	46,980
Accounts payable	2,434,679	2,434,679	2,434,679	-	-
Other payables (including payables on equipment)	1,004,161	1,004,161	1,004,161	-	-
Long-term payable	135,118	135,118	-	104,016	31,102
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(313,997)	(313,997)	-	-
Outflow	8,279	322,276	322,276	-	-
	<u>\$ 7,425,168</u>	<u>7,538,011</u>	<u>5,239,144</u>	<u>1,643,377</u>	<u>655,490</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
September 30, 2020					
Non-derivative financial liabilities					
Secured bank loans	\$ 1,151,157	1,187,776	192,918	125,158	869,700
Unsecured bank loans	1,611,720	1,619,966	1,357,938	232,533	29,495
Lease liabilities	134,047	139,659	90,443	31,745	17,471
Accounts payable	2,216,103	2,216,103	2,216,103	-	-
Other payables (including payables on equipment)	985,042	985,042	985,042	-	-
Long-term payable	169,881	169,881	-	136,556	33,325
Derivative financial liabilities					
Other forward contract —					
Inflow	-	(403,859)	(403,859)	-	-
Outflow	8,529	412,388	412,388	-	-
	<u>\$ 6,276,479</u>	<u>6,326,956</u>	<u>4,850,973</u>	<u>525,992</u>	<u>949,991</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Group's significant exposure to foreign currency risk was as follows:

	September 30, 2021			December 31, 2020			September 30, 2020			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
Financial assets										
Monetary items										
USD	\$	130,177	27.81	3,619,846	129,502	28.43	3,681,969	119,691	28.98	3,468,177
Financial liabilities										
Monetary items										
USD		137,132	28.06	3,847,284	143,829	28.69	4,127,128	135,578	29.24	3,964,779

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency.

A 5% strengthening of the NTD and THB against the USD as at September 30, 2021 and 2020, would have increased (decreased) net profit before tax for the nine months ended September 30, 2021 and 2020, by \$11,000 thousand and \$(25,000) thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2020.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group disclose its exchange gains and losses of monetary items aggregately. The Company's exchange gains (losses), including realized and unrealized, were \$(61,321) thousand, \$28,850 thousand, \$(93,352) thousand and \$67,617 thousand for the three months ended September 30, 2021 and 2020 and the nine months ended September 30, 2021 and 2020, respectively.

(iv) Interest rate risk

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year ended at the reporting date. The Group internally reported the increases / decreases in interest rates and the exposure to changes in interest rates of 0.25% to the Group's key management so as to allow key management to assess the reasonableness of the changes in interest rates.

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$10,486 thousand and \$3,396 thousand for the nine months ended September 30, 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2021				
	Fair value				Total
	Amount	Level 1	Level 2	Level 3	
Financial assets measured of fair value through profit or loss					
Derivative financial assets — current	\$ 52,880	-	52,880	-	52,880

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2021			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	1,010,135	-	-	-	-
Notes receivables	890	-	-	-	-
Accounts receivables	3,698,490	-	-	-	-
Other receivables	178,371	-	-	-	-
Refundable deposits	7,955	-	-	-	-
Other financial assets	8,253	-	-	-	-
Subtotal	4,904,094	-	-	-	-
Total	<u>\$ 4,956,974</u>	<u>-</u>	<u>52,880</u>	<u>-</u>	<u>52,880</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 1,723,309	-	-	-	-
Long-term loans	3,865,848	-	-	-	-
Lease liabilities	123,462	-	-	-	-
Accounts payable	3,545,364	-	-	-	-
Other payables (including payables on equipment)	1,556,755	-	-	-	-
Long-term payable	174,948	-	-	-	-
Total	<u>\$ 10,989,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2020			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured of fair value through profit or loss					
Derivative financial assets — current	\$ 10,592	-	10,592	-	10,592

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	821,682	-	-	-	-
Notes receivables	661	-	-	-	-
Accounts receivables	3,683,750	-	-	-	-
Other receivables	71,042	-	-	-	-
Refundable deposits	7,954	-	-	-	-
Other financial assets	4,311	-	-	-	-
Subtotal	<u>4,589,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,599,992</u>	<u>-</u>	<u>10,592</u>	<u>-</u>	<u>10,592</u>
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities—current	\$ <u>8,279</u>	<u>-</u>	<u>8,279</u>	<u>-</u>	<u>8,279</u>
Financial liabilities measured at amortized cost					
Secured bank loans	1,750,016	-	-	-	-
Unsecured bank loans	1,947,860	-	-	-	-
Lease liabilities	145,055	-	-	-	-
Accounts payable	2,434,679	-	-	-	-
Other payables (including payables on equipment)	1,004,161	-	-	-	-
Long-term payable	<u>135,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>7,416,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,425,168</u>	<u>-</u>	<u>8,279</u>	<u>-</u>	<u>8,279</u>
September 30, 2020					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured of fair value through profit or loss					
Derivative financial assets—current	\$ <u>162</u>	<u>-</u>	<u>162</u>	<u>-</u>	<u>162</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		September 30, 2020			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	513,327	-	-	-	-
Notes receivables	3,175	-	-	-	-
Accounts receivables	3,694,561	-	-	-	-
Other receivables	45,956	-	-	-	-
Refundable deposits	7,675	-	-	-	-
Other financial assets	4,405	-	-	-	-
Subtotal	4,269,099	-	-	-	-
Total	\$ 4,269,261	-	162	-	162
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities—current	\$ 8,529	-	8,529	-	8,529
Financial liabilities measured at amortized cost					
Secured bank loans	1,151,157	-	-	-	-
Unsecured bank loans	1,611,720	-	-	-	-
Lease liabilities	134,047	-	-	-	-
Accounts payable	2,216,103	-	-	-	-
Other payables (including payables on equipment)	985,042	-	-	-	-
Long-term payable	169,881	-	-	-	-
Subtotal	6,267,950	-	-	-	-
Total	\$ 6,276,479	-	8,529	-	8,529

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

- i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities and payment request or payment amount of future cash flow will not be changed due to timing difference, and the book value shall be estimate by the fair value's basis. This method applys to: cash and cash in bank, financial assets measured at amortized cost, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans and payables for machinery and equipment.
- ii) Fair value of long-term debt, lease liabilities, and long-term payable is estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and lease payable. However, long-term debt is recognized by its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate. Long-term payable is calculated based on the weighted-average cost of capital (WACC). There were no significant differences between book value and discounted present value. Thus, long-term payable is recognized by book value.

b) Derivative financial instruments

Forward exchange contracts were usually estimated by the current forward exchange rates of the transaction banks.

(u) Financial risk management

There were no significant changes in the objectives and policies concerning the financial risks the Group was exposed to. Please refer to note 6(u) of the 2020 consolidated financial statements for related information.

(v) Capital management

The Group manages capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is debt divided by equity. Debt is derived from the total liabilities on the balance sheet. Equity includes share capital, capital surplus, retained earnings and other equity.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As at September 30, 2021, the Group's capital management strategy was consistent with the prior year as at December 31, 2020. The Group has to maintain the debt-to-equity ratio at a certain level according to the criteria set by a lender. The Group's debt-to-equity ratio as at September 30, 2021, December 31, 2020, and September 30, 2020, was as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Net liabilities	\$ <u>11,157,560</u>	<u>7,607,391</u>	<u>6,421,279</u>
Total equity	\$ <u>6,800,582</u>	<u>7,624,632</u>	<u>7,133,140</u>
Debt-to-equity ratio	<u>164.07 %</u>	<u>99.77 %</u>	<u>90.02 %</u>

The debt-to-equity ratio as of September 30, 2021, December 31, 2020, and September 30, 2020 was within the limit set by the lender.

The quantitative data for APT, a subsidiary of the Company, used as a capital management tool in the relevant periods are summarized below:

	September 30, 2021	December 31, 2020	September 30, 2020
Net liabilities	\$ <u>12,185,549</u>	<u>6,472,870</u>	<u>5,424,894</u>
Total equity	\$ <u>8,855,377</u>	<u>9,085,963</u>	<u>8,863,714</u>
Debt-to-equity ratio	<u>137.61 %</u>	<u>71.24 %</u>	<u>61.20 %</u>

Unit: thousands of THB

APT's debt-to-equity ratio has been maintained within the scope of the loan contracts.

(w) Non-cash investing and financing activities

For the nine months ended September 30, 2021 and 2020, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through finance leasing, as well as the conversion of convertible bonds into common stock. Please refer to notes 6(l), (m) and (p) for related information.

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2021	Cash flows	Acquisition of contracts	Cancellation of contracts	Translation effect	September 30, 2021
Long-term loans	\$ 2,327,927	1,889,857	-	-	(351,936)	3,865,848
Short-term loans	1,369,949	580,211	-	-	(226,851)	1,723,309
Lease liabilities	<u>145,055</u>	<u>(65,790)</u>	<u>63,699</u>	<u>(1,165)</u>	<u>(18,337)</u>	<u>123,462</u>
Total liabilities from financing activities	<u>\$ 3,842,931</u>	<u>2,404,278</u>	<u>63,699</u>	<u>(1,165)</u>	<u>(597,124)</u>	<u>5,712,619</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Obtained		Non-cash changes				
	January 1, 2020	from acquisition	Cash flows	Acquisition of contracts	Translation effect	Amortization of discount	Conversion	September 30, 2020
Long-term loans	\$ 1,101,544	-	305,992	-	(51,774)	-	-	1,355,762
Short-term loans	899,218	132,192	479,880	-	(104,205)	-	-	1,407,085
Lease liabilities	244,360	169	(109,705)	17,632	(18,409)	-	-	134,047
Corporate bonds payable	17,797	-	-	-	-	64	(17,861)	-
Total liabilities from financing activities	<u>\$ 2,262,919</u>	<u>132,361</u>	<u>676,167</u>	<u>17,632</u>	<u>(174,388)</u>	<u>64</u>	<u>(17,861)</u>	<u>2,896,894</u>

(7) Related-party transactions:

- (a) Parent Company and ultimate controlling party

Apex International Co., Ltd. is the ultimate controlling party of the Group.

- (b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
APS	The entity's chairman is the second immediate family of the chairman of the Company (note)
Wang Chin Shin	The second immediate family of the chairman of the Company
Wang Chang Tao	The second immediate family of the chairman of the Company
Wang Chong Hsien	The second immediate family of the chairman of the Company
Wang Shu Mu	Chairman of the Company

Note: The Group has acquired 99.99% shares of APS on January, 2020.

- (c) Significant transactions with related parties

- (i) Acquisitions of share

The Group acquired 99.99% shares of APS with total amount of \$277,485 thousand (THB 274,983 thousand) from related parties. The amounts that the Group paid to related party for the nine months ended September 30, 2020 were summarized as below:

	2020.1.1~ 2020.9.30
Wang Chin Shin	\$ 57,843
Wang Chang Tao	28,255
Wang Chong Hsien	83,163
Total	<u>\$ 169,261</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Guarantee

For the nine months ended September 30, 2021 and 2020, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

(d) Management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 13,228	9,763	34,163	28,378
Post-employment benefits	149	226	472	682
Other long-term benefits	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	<u>\$ 13,378</u>	<u>9,991</u>	<u>34,638</u>	<u>29,064</u>

(8) Pledged assets:

Pledged assets	Object	September 30, 2021	December 31, 2020	September 30, 2020
Other financial assets				
— non-current:				
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 8,253	4,311	4,405
Property, plant, and equipment:				
Land	Long-term and short-term loans	360	416	219,774
Buildings	Long-term and short-term loans	37,257	47,541	1,180,835
Machinery and equipment	Long-term, short-term loans and electricity guarantee	843,675	900,820	1,195,888
Office equipment	Long-term and short-term loans	-	-	24,592
Total		<u>\$ 889,545</u>	<u>953,088</u>	<u>2,625,494</u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies:

(a) The Group did not recognize the following contract agreements in the financial statements:

	September 30, 2021	December 31, 2020	September 30, 2020
Acquiring property, plant and equipment	\$ 1,736,497	1,615,496	861,386
Long-term commitments	50,936	82,078	94,410
Total	<u>\$ 1,787,433</u>	<u>1,697,574</u>	<u>955,796</u>

(b) The Group had outstanding letters of credit as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Letters of credit	\$ <u>263,382</u>	<u>110,431</u>	<u>32,679</u>

(c) Guarantees provided by banks were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Electricity guarantee	\$ <u>78,197</u>	<u>84,154</u>	<u>81,343</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) A summary of personnel costs, depreciation, depletion and amortization is as follows:

Function Account	For the three months ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	437,847	79,538	517,385	392,721	71,667	464,388
Health insurance	-	450	450	-	393	393
Pension	1,828	1,316	3,144	1,428	1,641	3,069
Remuneration to directors	-	360	360	-	180	180
Other personnel expense	33,693	58,975	92,668	36,853	11,428	48,281
Depreciation	164,841	24,621	189,462	159,903	28,491	188,394
Amortization	1,578	2,644	4,222	1,530	2,245	3,775

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Function Account	For the nine months ended September 30					
	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	1,264,013	238,792	1,502,805	1,123,246	214,716	1,337,962
Health insurance	-	1,283	1,283	-	1,178	1,178
Pension	5,804	4,094	9,898	4,313	4,931	9,244
Remuneration to directors	-	720	720	-	540	540
Other personnel expense	109,243	88,787	198,030	106,284	33,621	139,905
Depreciation	505,267	73,795	579,062	470,404	84,385	554,789
Amortization	4,603	8,048	12,651	4,475	6,692	11,167

- (b) The Group's operations were not affected by seasonality factors.

(Continued)

APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the nine months ended September 30, 2021:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
1	The Company	APT	2	20,401,746 (Note 2)	7,303,954	6,509,098	4,398,210	-	95.71 %	20,401,746 (Note 3)	Y	N	N
2	The Company	APS	2	20,401,746 (Note 2)	142,110	-	-	-	- %	20,401,746 (Note 3)	Y	N	N
3	APT	The Company	3	3,647,534 (Note 4)	1,027,128	1,003,141	501,588	-	14.75 %	3,647,534 (Note 5)	N	Y	N
4	APT	APS	2	3,647,534 (Note 4)	545,950	502,518	365,614	-	7.39 %	3,647,534 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

1. Companies with business relations.
2. Companies in which more than 50% of shares with voting rights are directly or indirectly owned by the Company.
3. Companies directly or in directly owning more than 50% of shares with voting rights of the Company.
4. Companies in which 90% of shares with voting rights are directly or indirectly owned the Company.
5. Companies under reciprocal inter-insurance for constructional contractual purpose.
6. Companies guaranteed by all contributed shareholders due to co-investing relationships.
7. Companies established to practice escrow and joint, as well as several guarantees for presale homes under the Consumer Protection Act.

Note 2: If it was approved by Board of Directors, the guarantee limit shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity. However, the guarantee amount is still limited to 300% of the Company's latest financial statements.

Note 3: The overall guarantee amount provided to others shall not exceed 300% of the net worth of the Company's latest financial statements.

Note 4: The guarantee limit for the guarantee provided to any individual company shall not exceed 50% of Apex Circuit (Thailand)'s net worth.

Note 5: Total amount of the guarantee provided by Apex Circuit (Thailand) is limited to 50% of its net worth.

(iii) Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.

(ix) Information regarding trading in derivative financial instruments: Please refer to notes 6(b) and (l)

(x) Business relationships and significant intercompany transactions: There were no significant transactions.

(Continued)

APEX INTERNATIONAL CO., LTD.
Notes to Consolidated Interim Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2021:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2021			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				September 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,311,762	3,311,762	143,194	99.58 %	7,264,420	861,363	857,745	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	5,348	86	(870)	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	185,093	(31,049)	(31,046)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	3,807	33	(1,220)	

Note 1: Long-term investment and investment gains and losses have been recognized by the equity method based on the financial statements of the investee companies reviewed by the Group's auditors.

Note 2: The long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 3: The amount of amortization of premium on investment recognized in this period has been included in share of profits/ losses of investee.

(c) Information on investment in China:

(i) The names of investees in China, the main businesses and products, and other information:

Unit: in thousands of dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2021 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Supply Chain integration	8,488 (RMB2,000)	2	-	-	-	-	926 (RMB213)	99.58 %	(39) (RMB(9))	2,284 (RMB521)	-

Note 1: Investment methods are divided into the following three kinds

- (1) Direct investment in China.
- (2) Direct investment in Thailand (APT) prior to investing in China.
- (3) Other methods.

Note 2: Long-term investment and investment gains and losses have been recognized by using the equity method based on the financial statements of the investee companies reviewed by auditors.

Note 3: Long-term investment and investment gains or losses have been eliminated in the preparation of the consolidated financial statements.

Note 4: The Company is not a Taiwan local company, so no investment amount is shown.

Note 5: The book value at end of year are calculated by using the exchange rate on September 30, 2021 (BS exchange rate RMB:TWD=1:4.3842). The net income (loss) of the investee company and investment gains (losses) recognized by the parent company are calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.3409).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Unit: share		
Shareholder's Name	Shareholding	Shares
Lu Yan Xian		17,919,000
Jin Da He Co., Ltd.		15,658,000
Yi Zhan Xin Co., Ltd.		10,185,000
		Percentage
		9.43 %
		8.24 %
		5.36 %

Note:(1) The main shareholder information of this table is calculated by Depositor & Clearing Corporation (TDCC) using information that shareholder acquired more than 5% of common share and preferred share have been completed non-physical delivered. There might be a difference between share capital on the financial report and the actual share that have completed non-physical delivered due to different basis of accounting.

(2) Percentage of ownership is chopped to the second decimal place.

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

For the three months ended September 30				
2021				
			Adjustments and eliminations	
	Thailand	Other		Total
Revenue				
Revenue from external customers	\$ 3,610,032	-	601	3,610,633
Intersegment revenues	4,986	79,072	(84,058)	-
Total revenue	<u><u>\$ 3,615,018</u></u>	<u><u>79,072</u></u>	<u><u>(83,457)</u></u>	<u><u>3,610,633</u></u>
Reportable segment profit or loss	<u><u>\$ 399,753</u></u>	<u><u>(10,961)</u></u>	<u><u>(4,817)</u></u>	<u><u>383,975</u></u>
For the three months ended September 30				
2020				
			Adjustments and eliminations	
	Thailand	Other		Total
Revenue				
Revenue from external customers	\$ 3,222,788	25	-	3,222,813
Intersegment revenues	245	34,876	(35,121)	-
Total revenue	<u><u>\$ 3,223,033</u></u>	<u><u>34,901</u></u>	<u><u>(35,121)</u></u>	<u><u>3,222,813</u></u>
Reportable segment profit or loss	<u><u>\$ 383,103</u></u>	<u><u>(7,003)</u></u>	<u><u>(3,887)</u></u>	<u><u>372,213</u></u>

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30				
2021				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 10,363,281	-	813	10,364,094
Intersegment revenues	10,117	193,041	(203,158)	-
Total revenue	<u>\$ 10,373,398</u>	<u>193,041</u>	<u>(202,345)</u>	<u>10,364,094</u>
Reportable segment profit or loss	<u>\$ 915,781</u>	<u>(29,152)</u>	<u>(11,597)</u>	<u>875,032</u>
For the nine months ended September 30				
2020				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 8,810,606	25	-	8,810,631
Intersegment revenues	1,967	97,146	(99,113)	-
Total revenue	<u>\$ 8,812,573</u>	<u>97,171</u>	<u>(99,113)</u>	<u>8,810,631</u>
Reportable segment profit or loss	<u>\$ 1,049,490</u>	<u>(27,443)</u>	<u>(11,253)</u>	<u>1,010,794</u>

For the three months and nine months ended September 30, 2021 and 2020, the adjustments and eliminations of the intersegment net profit to the reportable segment profit or loss were \$(4,817) thousand, \$(3,887) thousand, \$(11,597) thousand and \$(11,253) thousand, respectively.