

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Six Months Ended June 30, 2022 and 2021**

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' 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' 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' 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	11
(6) Explanation of significant accounts	11~39
(7) Related-party transactions	40
(8) Pledged assets	40
(9) Significant commitments and contingencies	41
(10) Losses due to major disasters	41
(11) Subsequent events	41
(12) Other	42
(13) Other disclosures	
(a) Information on significant transactions	43
(b) Information on investees	44
(c) Information on investment in China	44
(d) Major shareholders	45
(14) Segment information	45~46



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.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web home.kpmg/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Apex International Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months ended and the six months ended June 30, 2022 and 2021, changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, and its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, and its consolidated cash flow for the six months ended June 30, 2022 and 2021 in accordance with the Regulation 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.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the consolidated financial statements for the six months ended June 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgments, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(n) "Recognition of Revenue" of the consolidated financial statements for the year ended December 31, 2021 for accounting policy related to revenue recognition, and note 6(p) for the information related to revenue of the consolidated financial statements.

Description of key audit matter:

The Group entered into agreements or sales orders, with different terms and conditions, with its major customers, which increase the complexity of identifying the timing of revenue recognition. Therefore, the revenue recognition was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing and testing the design, as well as the effectiveness of the operation on the control over sales and collection cycle.
- Performing comparison analysis on sales of the current period to last period and the latest quarter, and performing trend analysis from each top ten customer to assess the existence of any significant exceptions, and further identify and analyze the reasons if there is any significant exception.
- Performing test-of-detail on sales for the six months ended June 30, 2022, to assess the assertions of existence and accuracy, as well as the appropriateness of the timing of recognition.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether sales of goods, sales returns and allowances have been appropriately recognized.

2. Subsequent measurements of inventories

Please refer to note 4(h) "Inventories" and note 5(a) of the consolidated financial statements for the year ended December 31, 2021 for accounting policy related to subsequent measurements of inventories, and accounting assumptions and estimation uncertainties of inventories, respectively. Please refer to note 6(e) for information related to impairment of inventories of the consolidated financial statements.

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. The fair value of inventories is vulnerable to the impact of highly competitive market of printed circuit board. Furthermore, the price volatility on raw material is likely to increase the risk of loss on market price decline, and as a result, overestimation of the subsequent measurement of inventories is more likely to occur. Therefore, the subsequent measurements of inventories was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing whether appropriate provision policies for inventories are applied.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy on a consistent basis.
- Obtaining aging analysis of inventories, assessing the appropriateness of provision set aside for obsolete and slow-moving inventories, and examining relevant documents to verify the accuracy of the aging period.
- Obtaining evaluation report of the net realizable value of inventories, assessing the appropriateness of provision set aside for loss on market price decline, and examining relevant documents to verify the accuracy of sales prices and calculation of net realizable value.

3. Impairment of goodwill

Please refer to note 4(m) "Impairment of non-derivative financial assets" and note 5(b) of the consolidated financial statements for the year ended December 31, 2021 for accounting policy related to impairment of goodwill, and accounting assumptions and estimation uncertainties of impairment of goodwill, respectively.

How the matter was addressed in our audit:

Goodwill arising from the merger & acquisition transaction taken by the Group. The assessment of goodwill impairment was based on management's judgment with respect to the estimation of future cash flows and key assumptions such as the discount rate, which was subjective and involved significant uncertainty. Therefore, the impairment of goodwill was considered to be one of the key audit matters in our audit.

Our principal audit procedures included:

- Obtaining the evaluation report from the external expert and assessing the objectivity and the professional competence of the external expert.
- Assessing the reasonableness of the cash flows forecast and engaging the internal expert to assess the methods, discount rate and other assumptions applied in the evaluation report.
- Performing retrospective testing over the future cash flows forecast compiled by the management.
- Performing sensitivity analysis of key assumptions to understand the impact of recoverability from changing of key assumptions.
- Assessing whether the goodwill is impaired, if so, whether the impairment loss has been recognized appropriately .

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the six months ended June 30, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
August 17, 2022

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2022		December 31, 2021		June 30, 2021				June 30, 2022		December 31, 2021		June 30, 2021			
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%		
11xx	Current assets:							21xx	Current liabilities:								
1100	Cash and cash equivalents (note 6(a))	\$	745,692	4	660,374	3	1,151,516	7	2100	Short-term loans (notes 6(f), (i), 7, 8 and 9)	\$	3,103,979	15	2,501,866	13	1,701,243	10
1110	Financial assets at fair value through profit or loss							2120	Financial liabilities at fair value through profit or								
	— current (notes 6(a), (b) and 8)	43,263	-	9,285	-	23,274	-		loss — current (notes 6(a), (b) and 8)	-	-	4,322	-	65	-		
1150	Notes receivable, net (notes 6(c) and (p))	295	-	-	-	796	-	2170	Accounts payable	2,899,539	14	3,537,424	18	3,097,483	18		
1170	Accounts receivable, net (notes 6(c) and (p))	4,111,781	20	4,330,830	22	3,618,926	21	2200	Other payables	666,502	3	569,841	3	549,476	3		
1200	Other receivables (note 6(d))	183,191	1	201,583	1	119,658	1	2213	Payable for machinery and equipment	790,239	4	1,062,967	5	845,221	5		
130x	Inventories (note 6(e))	4,113,972	20	3,737,962	19	2,748,833	16	2216	Dividend payable (note 6(n))	759,752	4	-	-	-	-		
1470	Other current assets	34,643	-	125,942	1	154,415	1	2230	Current tax liabilities	31,133	-	22,826	-	41,205	-		
	Total current assets	9,232,837	45	9,065,976	46	7,817,418	46	2280	Current lease liabilities (notes 6(g) and (k))	39,184	-	40,965	-	47,836	-		
15xx	Non-current assets:							2322	Current portion of long-term loans (notes 6(a), (f),								
1600	Property, plant and equipment (notes 6(f), (h), (i),								(j), 7 and 8)	1,254,398	6	1,082,462	6	419,026	3		
	(j), (q), 8 and 9)	10,915,715	53	10,149,438	51	8,693,319	50	2399	Other current liabilities	48,493	-	71,931	-	37,171	-		
1755	Right-of-use asset (notes 6(f), (g) and (k))	131,642	1	123,219	1	181,160	1		Total current liabilities	9,593,219	46	8,894,604	45	6,738,726	39		
1780	Intangible assets (notes 6(f) and (h))	172,416	1	168,418	1	180,519	1	25xx	Non-Current liabilities:								
1840	Deferred tax assets	31,614	-	32,157	-	23,097	-	2540	Long-term loans (notes 6(a), (f), (j), 7 and 8)	3,123,872	16	3,036,339	15	2,713,170	16		
1915	Prepayment for equipment (note 6(f))	93,439	-	240,198	1	333,905	2	2570	Deferred tax liabilities	56,792	-	55,976	-	50,960	-		
1920	Refundable deposits	7,961	-	7,811	-	7,690	-	2580	Non-current lease liabilities (notes 6(g) and (k))	94,662	-	84,479	1	87,161	1		
1980	Other financial assets — non-current (notes 6(a),							2612	Long-term payable	110,910	1	232,619	1	159,159	1		
	(b), (k) and 8)	14,477	-	8,206	-	5,559	-	2670	Other non-current liabilities (note 6(l))	66,238	-	61,725	-	69,504	-		
	Total non-current assets	11,367,264	55	10,729,447	54	9,425,249	54		Total non-current liabilities	3,452,474	17	3,471,138	17	3,079,954	18		
								2xxx	Total liabilities	13,045,693	63	12,365,742	62	9,818,680	57		
								31xx	Equity attributable to owners of parent (note								
									6(n)):								
								3110	Common stock	1,899,380	9	1,899,380	10	1,899,380	11		
								3200	Capital surplus	2,405,512	12	2,405,512	12	2,405,512	14		
								3300	Retained earnings	4,155,807	20	4,140,552	21	3,771,699	22		
								3410	Exchange differences on translation of foreign								
									financial statements	(943,312)	(4)	(1,048,969)	(5)	(683,296)	(4)		
									Total equity attributable to owners of parent	7,517,387	37	7,396,475	38	7,393,295	43		
								36xx	Non-controlling interests	37,021	-	33,206	-	30,692	-		
								3xxx	Total equity	7,554,408	37	7,429,681	38	7,423,987	43		
1xxx	Total assets	\$	20,600,101	100	19,795,423	100	17,242,667	100	2-3xxx	Total liabilities and equity	\$	20,600,101	100	19,795,423	100	17,242,667	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

		For the three months ended June 30				For the six months ended June 30			
		2022		2021		2022		2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(p))	\$ 3,971,374	100	3,493,057	100	8,116,280	100	6,753,461	100
5000	Operating costs (notes 6(e), (f), (g), (h), (k) and (l))	3,075,007	78	2,825,758	81	6,364,980	79	5,469,952	81
5900	Gross profit from operations	896,367	22	667,299	19	1,751,300	21	1,283,509	19
6000	Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (n) and 7):								
6188	Selling expenses	263,414	7	201,286	6	500,283	6	399,950	6
6200	Administrative expenses	194,054	5	157,670	5	383,465	5	307,882	5
6300	Research and development expenses	18,245	-	11,182	-	30,362	-	20,838	-
6450	Expected credit loss (reversal of expected credit loss)	19,062	-	(4,307)	-	23,633	-	50,126	1
	Total operating expenses	494,775	12	365,831	11	937,743	11	778,796	12
6900	Operating income	401,592	10	301,468	8	813,557	10	504,713	7
7000	Non-operating income and expenses (notes 6(b), (f), (k) and (q)):								
7100	Interest income	229	-	146	-	245	-	291	-
7010	Other income	6,800	-	16,818	-	22,947	-	19,873	-
7020	Other gains and losses	13,109	-	(4,425)	-	29,965	-	(19,598)	-
7050	Finance costs	(31,468)	-	(6,144)	-	(55,767)	-	(14,222)	-
	Total non-operating income and expenses	(11,330)	-	6,395	-	(2,610)	-	(13,656)	-
7900	Profit from continuing operations before tax	390,262	10	307,863	8	810,947	10	491,057	7
7951	Less: Income tax expenses (note 6(m))	27,618	1	15,253	-	32,571	-	43,388	-
8200	Profit	362,644	9	292,610	8	778,376	10	447,669	7
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	(184,646)	(5)	(330,373)	(9)	106,103	1	(679,891)	(10)
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	(184,646)	(5)	(330,373)	(9)	106,103	1	(679,891)	(10)
8300	Other comprehensive income (loss)	(184,646)	(5)	(330,373)	(9)	106,103	1	(679,891)	(10)
8500	Total comprehensive income (loss)	\$ 177,998	4	(37,763)	(1)	884,479	11	(232,222)	(3)
	Profit attributable to:								
8610	Owners of parent	\$ 361,072	9	291,331	8	775,007	10	445,715	7
8620	Non-controlling interests	1,572	-	1,279	-	3,369	-	1,954	-
		\$ 362,644	9	292,610	8	778,376	10	447,669	7
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ 177,201	4	(37,655)	(1)	880,664	11	(231,337)	(3)
8720	Non-controlling interests	797	-	(108)	-	3,815	-	(885)	-
		\$ 177,998	4	(37,763)	(1)	884,479	11	(232,222)	(3)
	Earnings per share (expressed in New Taiwan dollars) (note 6(o))								
9750	Basic earnings per share	\$ 1.90		1.53		4.08		2.35	
9850	Diluted earnings per share	\$ 1.90		1.53		4.08		2.35	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)****Equity attributable to owners of parent**

	Equity attributable to owners of parent					Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Special reserve	Retained earnings	Total				
				Unappropriated retained earnings					
Balance at January 1, 2021	\$ 1,899,380	2,405,512	300,256	3,025,728	3,325,984	(6,244)	7,624,632	36,339	7,660,971
Profit	-	-	-	445,715	445,715	-	445,715	1,954	447,669
Other comprehensive income	-	-	-	-	-	(677,052)	(677,052)	(2,839)	(679,891)
Total comprehensive income (loss)	-	-	-	445,715	445,715	(677,052)	(231,337)	(885)	(232,222)
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(4,762)	(4,762)
Balance at June 30, 2021	<u>\$ 1,899,380</u>	<u>2,405,512</u>	<u>300,256</u>	<u>3,471,443</u>	<u>3,771,699</u>	<u>(683,296)</u>	<u>7,393,295</u>	<u>30,692</u>	<u>7,423,987</u>
Balance at January 1, 2022	\$ 1,899,380	2,405,512	300,256	3,840,296	4,140,552	(1,048,969)	7,396,475	33,206	7,429,681
Appropriation and distribution of retained earnings:									
Special reserve appropriated	-	-	748,713	(748,713)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(759,752)	(759,752)	-	(759,752)	-	(759,752)
Profit	-	-	-	775,007	775,007	-	775,007	3,369	778,376
Other comprehensive income	-	-	-	-	-	105,657	105,657	446	106,103
Total comprehensive income (loss)	-	-	-	775,007	775,007	105,657	880,664	3,815	884,479
Balance at June 30, 2022	<u>\$ 1,899,380</u>	<u>2,405,512</u>	<u>1,048,969</u>	<u>3,106,838</u>	<u>4,155,807</u>	<u>(943,312)</u>	<u>7,517,387</u>	<u>37,021</u>	<u>7,554,408</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 810,947	491,057
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	510,475	389,600
Amortization expense	8,779	8,429
Expected credit loss	23,633	50,126
Interest expense	55,767	14,222
Interest income	(245)	(291)
Loss (gain) on disposal of property, plant and equipment	238	(189)
Impairment loss on non-financial assets	7,669	8,221
Gain on lease modification	(336)	(27)
Total adjustments to reconcile profit	605,980	470,091
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(33,978)	(12,682)
Notes receivable	(295)	(135)
Accounts receivable	195,416	14,698
Other receivables	18,392	(48,616)
Inventories	(376,010)	(520,953)
Other current assets	91,299	(44,218)
Total changes in operating assets	(105,176)	(611,906)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(4,322)	(8,214)
Accounts payable	(637,885)	662,804
Other payables	95,412	44,442
Other current liabilities	(23,438)	(1,308)
Other non-current liabilities	4,513	2,189
Total changes in operating liabilities	(565,720)	699,913
Total changes in operating assets and liabilities	(670,896)	88,007
Total adjustments	(64,916)	558,098
Cash inflow generated from operations	746,031	1,049,155
Interest received	245	291
Interest paid	(54,518)	(16,071)
Income taxes paid	(23,407)	(19,974)
Net cash flows from operating activities	668,351	1,013,401
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(1,251,521)	(1,485,903)
Proceeds from disposal of property, plant and equipment	-	16,344
Decrease (increase) in refundable deposits	(150)	264
Acquisition of intangible assets	(6,819)	(15,335)
Increase in other financial assets — non-current	(6,271)	(1,248)
Increase in prepayments for equipment	(114,615)	(382,721)
Net cash flows used in investing activities	(1,379,376)	(1,868,599)
Cash flows from (used in) financing activities:		
Increase in short-term loans	572,357	471,363
Proceeds from long-term loans	489,183	2,801,447
Repayments of long-term loans	(280,371)	(1,788,215)
Payment of lease liabilities	(23,539)	(50,780)
Cash dividends distributed to non-controlling interests	-	(4,762)
Net cash flows from financing activities	757,630	1,429,053
Effect of exchange rate changes on cash and cash equivalents	38,713	(244,021)
Net increase in cash and cash equivalents	85,318	329,834
Cash and cash equivalents at beginning of period	660,374	821,682
Cash and cash equivalents at end of period	\$ 745,692	1,151,516

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(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, 2021. 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 August 17, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”)

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group’s adoption of the new amendments, effective for annual period beginning on January 1, 2023, are expected to have the following impacts:

- (i) 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. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities and is evaluating the impact of its initial adoption of the amendments on its consolidated financial position.

(Continued)

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

(ii) Amendments to IAS 1 “Disclosure of Accounting Policies”

The key amendments to IAS 1 include:

- 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.

The Group is continuing on evaluating and reviewing the accounting policies that should be disclosed in the consolidated financial statements to comply with the amendment.

(iii) Other amendments

The following amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

- Amendments to IAS 8 “Definition of Accounting Estimates”

(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”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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.

(Continued)

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

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

(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, International Financial Reporting Interpretations Committee (“IFRIC”) and Standing Interpretations Committee (“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, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

(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, 2021. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2021.

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

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
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.

(Continued)

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

(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.

(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, 2021. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

(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, 2021. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash	\$ 1,643	1,384	3,390
Demand deposits	720,974	630,767	1,066,145
Checking deposits	11,185	19,916	9,491
Time deposits	11,890	8,307	72,490
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 745,692</u></u>	<u><u>660,374</u></u>	<u><u>1,151,516</u></u>

(Continued)

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

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:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Restricted bank deposit	\$ <u>14,477</u>	<u>8,206</u>	<u>5,559</u>

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

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

(i) Financial assets at fair value through profit or loss — Current

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>43,263</u>	<u>9,285</u>	<u>23,274</u>

(ii) Financial liabilities at fair value through profit or loss — Current

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>-</u>	<u>4,322</u>	<u>65</u>

Please refer to note 6(q) for the amounts recognized in the consolidated statements of comprehensive income 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 June 30, 2022, December 31, 2021, and June 30, 2021.

(Continued)

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

Forward exchange contracts:

June 30, 2022					
	Amount				Fair value of assets (liabilities)
	(in thousands)	Currency	Maturity dates		
Forward exchange purchased	USD 18,600	USD to NTD	2022.7.25	\$	87
Forward exchange purchased	USD 38,492	USD to THB	2022.7.27 ~2022.11.28		43,152
Forward exchange purchased	CNY 3,640	CNY to THB	2022.12.16		24
				\$	43,263
December 31, 2021					
	Amount				Fair value of assets (liabilities)
	(in thousands)	Currency	Maturity dates		
Forward exchange purchased	USD 21,390	USD to THB	2022.1.4 ~2022.5.31	\$	9,285
Forward exchange purchased	USD 16,000	USD to NTD	2022.2.14	\$	(786)
Forward exchange purchased	USD 17,500	USD to THB	2022.3.28 ~2022.6.30		(3,536)
				\$	(4,322)
June 30, 2021					
	Amount				Fair value of assets (liabilities)
	(in thousands)	Currency	Maturity dates		
Forward exchange purchased	USD 23,000	USD to THB	2021.8.2 ~2021.12.17	\$	23,274
Forward exchange purchased	USD 2,000	USD to THB	2022.1.4	\$	(65)

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

(c) Notes receivable and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 295	-	796
Accounts receivable	4,183,014	4,378,017	3,672,979
Less: loss allowance	(71,233)	(47,187)	(54,053)
	\$ 4,112,076	4,330,830	3,619,722

(Continued)

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

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.

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

	June 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 467,142	0.60	2,796
Past due 1~30 days	123,971	2.40	2,973
Past due 31~60 days	63,276	9.02	5,705
Past due 61~90 days	10,258	16.43	1,685
	\$ 664,647		13,159
	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 358,738	0.60	2,147
Past due 1~30 days	77,344	2.38	1,844
Past due 31~60 days	33,891	8.97	3,040
Past due 61~90 days	3,734	16.34	610
Past due 91~120 days	66	37.88	25
Past due over 180 days	179	100.00	179
	\$ 473,952		7,845
	June 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 413,465	0.58	2,378
Past due 1~30 days	107,191	2.26	2,423
Past due 31~60 days	66,100	8.67	5,731
Past due 61~90 days	1,370	15.11	207
Past due 91~120 days	6,054	21.82	1,321
Past due over 180 days	3,302	100.00	3,302
	\$ 597,482		15,362

(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:

	June 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 376,239	-	-
Past due 1~30 days	41,460	-	-
Past due 31~60 days	37,485	0.01	2
	<u><u>\$ 455,184</u></u>		<u><u>2</u></u>
	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 290,083	-	-
Past due 1~30 days	34,444	-	-
Past due 31~60 days	243	-	-
	<u><u>\$ 324,770</u></u>		<u><u>-</u></u>
	June 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 906,697	-	-
Past due 1~30 days	154,432	-	-
Past due 31~60 days	6,418	-	-
	<u><u>\$ 1,067,547</u></u>		<u><u>-</u></u>

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

	June 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	<u><u>\$ 1,966</u></u>	100.00	<u><u>1,966</u></u>

(Continued)

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

		December 31, 2021	
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ <u><u>1,834</u></u>	100.00	<u><u>1,834</u></u>
		June 30, 2021	
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ <u><u>1,843</u></u>	100.00	<u><u>1,843</u></u>

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

	June 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,625,374	-	74
Past due 1~30 days	331,207	-	7
Past due 31~60 days	19,178	1.01	194
Past due 61~90 days	3,654	-	-
Past due 91~120 days	2,574	15.00	386
Past due over 180 days	167	100.00	167
	<u>\$ 1,982,154</u>		<u>828</u>

The accounts receivable above did 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 \$37,163 thousand.

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 2,369,317	-	94
Past due 1~30 days	246,288	0.04	93
Past due 31~60 days	12,484	1.31	163
Past due 61~90 days	2,003	-	-
Past due over 180 days	169	100.00	169
	<u>\$ 2,630,261</u>		<u>519</u>

(Continued)

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

The accounts receivable above did 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 \$34,664 thousand.

	June 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 1,103,916	0.01	117
Past due 1~30 days	130,576	0.06	72
Past due 31~60 days	18,457	1.25	230
Past due 61~90 days	6,479	-	-
Past due 91~120 days	2,054	-	-
Past due 121~180 days	828	43.24	359
Past due over 180 days	<u>192</u>	100.00	<u>192</u>
	<u>\$ 1,262,502</u>		<u>970</u>

The accounts receivable above did 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 \$34,850 thousand.

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

	June 30, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 700,148	0.21	1,444
Past due 1~30 days	68,370	0.74	508
Past due 31~60 days	89,840	2.19	1,968
Past due 61~90 days	117,053	4.41	5,167
Past due 91~120 days	63,798	12.93	8,249
Past due 121~180 days	<u>2,986</u>	26.09	<u>779</u>
	<u>\$ 1,042,195</u>		<u>18,115</u>

(Continued)

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

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 774,831	0.10	760
Past due 1~30 days	105,758	0.51	536
Past due 31~60 days	18,333	1.37	251
Past due 61~90 days	10,721	3.42	367
Past due 91~120 days	2,169	10.88	236
Past due 121~180 days	724	24.17	175
	\$ 912,536		2,325

	June 30, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 592,760	0.09	531
Past due 1~30 days	105,242	0.33	352
Past due 31~60 days	11,522	1.25	144
Past due 61~90 days	27	3.70	1
	\$ 709,551		1,028

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

	For the six months ended June 30	
	2022	2021
Balance at the beginning	\$ 47,187	6,896
Impairment losses	23,633	50,126
Foreign exchange losses (gains)	413	(2,969)
Balance at the ending	\$ 71,233	54,053

(Continued)

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

(d) Other receivables

	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables	\$ <u>183,191</u>	<u>201,583</u>	<u>119,658</u>

The Group did not have any past due other receivables as of June 30, 2022, December 31, 2021, and June 30, 2021.

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

(e) Inventories

	June 30, 2022		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,418,379	(67,555)	1,350,824
Work in process	504,139	(17,064)	487,075
Finished goods	1,473,300	(65,644)	1,407,656
Supplies and spare parts	832,312	(49,514)	782,798
Goods in transit	79,354	-	79,354
Merchandise inventory	6,265	-	6,265
Total	\$ <u>4,313,749</u>	<u>(199,777)</u>	<u>4,113,972</u>

	December 31, 2021		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 1,403,515	(48,592)	1,354,923
Work in process	559,119	(14,792)	544,327
Finished goods	1,135,171	(70,756)	1,064,415
Supplies and spare parts	649,631	(46,501)	603,130
Goods in transit	153,058	-	153,058
Merchandise inventory	18,109	-	18,109
Total	\$ <u>3,918,603</u>	<u>(180,641)</u>	<u>3,737,962</u>

(Continued)

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

	June 30, 2021		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 769,642	(47,334)	722,308
Work in process	444,835	(14,757)	430,078
Finished goods	770,884	(73,173)	697,711
Supplies and spare parts	527,080	(38,742)	488,338
Goods in transit	397,495	-	397,495
Merchandise inventory	12,903	-	12,903
Total	\$ 2,922,839	(174,006)	2,748,833

For the six months ended June 30, 2022 and 2021, in addition to the costs of inventories recognized when inventories were sold, the following loss and revenue were included in the Group's operating costs:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Allowance for inventory valuation and obsolescence losses (reversal gain)	\$ (11,344)	45,634	16,698	73,259
Revenue from sale of scrap	(136,507)	(120,256)	(260,129)	(229,352)
Loss on inventory write-off	43,868	10,841	44,907	10,841
Unallocated manufacturing expense	124,487	66,749	231,911	137,573
	\$ 20,504	2,968	33,387	(7,679)

As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group did not pledge its inventory as collateral.

(f) **Property, plant and equipment**

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the six months ended June 30, 2022 and 2021, were as follows:

	Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvement	Unfinished construction and equipment undergoing acceptance testing	Total
Cost:									
Balance at January 1, 2022	\$ 664,731	7,442	2,999,906	9,034,187	21,212	547,117	22,834	2,271,303	15,568,732
Additions	-	4,761	114,570	243,714	298	25,870	142	467,729	857,084
Disposals	-	-	(226)	(1,383)	(15)	(2,651)	-	-	(4,275)
Reclassification (notes 1, 2 and 3)	-	-	275,866	991,749	-	66,710	-	(1,071,189)	263,136
Translation effect	9,691	52	39,154	117,221	306	6,894	307	40,195	213,820
Balance at June 30, 2022	\$ 674,422	12,255	3,429,270	10,385,488	21,801	643,940	23,283	1,708,038	16,898,497

(Continued)

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

								Unfinished construction and equipment undergoing acceptance testing	
	Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvement		Total
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	-	-	53,417	214,805	25	60,211	6,301	1,520,454	1,855,213
Disposals	-	-	(1,461)	(51,754)	-	(2,076)	-	-	(55,291)
Reclassification (notes 1, 2 and 3)	-	-	30,024	559,511	-	133	-	(102,629)	487,039
Translation effect	(63,663)	(693)	(144,220)	(465,751)	3,754	(42,271)	(1,649)	(157,261)	(871,754)
Balance at June 30, 2021	<u>\$ 677,183</u>	<u>7,373</u>	<u>2,261,164</u>	<u>8,165,024</u>	<u>19,739</u>	<u>490,603</u>	<u>22,507</u>	<u>2,308,466</u>	<u>13,952,059</u>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2022	\$ -	4,970	976,535	4,093,522	16,976	315,032	12,259	-	5,419,294
Depreciation	-	549	90,425	355,966	717	37,555	1,440	-	486,652
Impairment loss	-	-	-	7,669	-	-	-	-	7,669
Disposals	-	-	(123)	(1,377)	(15)	(2,522)	-	-	(4,037)
Translation effect	-	65	13,177	55,426	239	4,159	138	-	73,204
Balance at June 30, 2022	<u>\$ -</u>	<u>5,584</u>	<u>1,080,014</u>	<u>4,511,206</u>	<u>17,917</u>	<u>354,224</u>	<u>13,837</u>	<u>-</u>	<u>5,982,782</u>
Balance at January 1, 2021	\$ -	4,834	902,104	3,783,721	12,619	306,078	10,954	-	5,020,310
Depreciation	-	408	66,313	193,443	604	23,683	1,153	-	285,604
Impairment loss	-	-	-	8,221	-	-	-	-	8,221
Disposals	-	-	(535)	(36,659)	-	(1,942)	-	-	(39,136)
Reclassification (note 3)	-	-	-	118,902	-	-	-	-	118,902
Translation effect	-	(435)	(21,312)	(90,524)	4,012	(26,090)	(812)	-	(135,161)
Balance at June 30, 2021	<u>\$ -</u>	<u>4,807</u>	<u>946,570</u>	<u>3,977,104</u>	<u>17,235</u>	<u>301,729</u>	<u>11,295</u>	<u>-</u>	<u>5,258,740</u>
Carrying amount:									
Balance at January 1, 2022	<u>\$ 664,731</u>	<u>2,472</u>	<u>2,023,371</u>	<u>4,940,665</u>	<u>4,236</u>	<u>232,085</u>	<u>10,575</u>	<u>2,271,303</u>	<u>10,149,438</u>
Balance at June 30, 2022	<u>\$ 674,422</u>	<u>6,671</u>	<u>2,349,256</u>	<u>5,874,282</u>	<u>3,884</u>	<u>289,716</u>	<u>9,446</u>	<u>1,708,038</u>	<u>10,915,715</u>
Balance at June 30, 2021	<u>\$ 677,183</u>	<u>2,566</u>	<u>1,314,594</u>	<u>4,187,920</u>	<u>2,504</u>	<u>188,874</u>	<u>11,212</u>	<u>2,308,466</u>	<u>8,693,319</u>

Note 1: The cost of \$266,660 thousand and \$325,195 thousand, respectively, were reclassified from prepayment for equipment for the six months ended June 30, 2022 and 2021.

2. The cost of \$3,524 thousand and \$2,093 thousand were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the six months ended June 30, 2022 and 2021.

3. The cost of \$163,937 thousand and accumulated derecognition of \$118,902 thousand were reclassified from right-of-use asset for the six months ended June 30, 2021.

The Group performed impairment test on the idle machinery and estimated the differences between the book value and the recoverable amount. The impairment loss recognized was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Impairment loss	<u>\$ 3,853</u>	<u>4,255</u>	<u>7,669</u>	<u>8,221</u>

The Group used fair value less selling cost to calculate the recoverable amount as the basis to assess the impairment of the idle machinery.

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

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

(Continued)

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

(g) 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, 2022	\$ 124,896	67,759	43,281	1,236	237,172
Additions	29,331	6,417	4,429	-	40,177
Disposals (end of contract and early termination of contract)	(16,140)	-	-	-	(16,140)
Translation effect	1,631	914	579	18	3,142
Balance at June 30, 2022	<u>\$ 139,718</u>	<u>75,090</u>	<u>48,289</u>	<u>1,254</u>	<u>264,351</u>
Balance at January 1, 2021	\$ 101,810	298,022	41,670	1,418	442,920
Additions	27,446	21,198	5,196	-	53,840
Disposals (end of contract and early termination of contract)	(1,754)	-	-	-	(1,754)
Reclassification	-	(163,937)	-	-	(163,937)
Translation effect	(8,740)	(18,844)	(3,808)	(122)	(31,514)
Balance at June 30, 2021	<u>\$ 118,762</u>	<u>136,439</u>	<u>43,058</u>	<u>1,296</u>	<u>299,555</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 52,408	34,476	26,428	641	113,953
Depreciation	13,004	6,628	4,016	175	23,823
Disposals (end of contract and early termination of contract)	(6,455)	-	-	-	(6,455)
Translation effect	614	426	340	8	1,388
Balance at June 30, 2022	<u>\$ 59,571</u>	<u>41,530</u>	<u>30,784</u>	<u>824</u>	<u>132,709</u>
Balance at January 1, 2021	\$ 28,517	96,275	19,950	243	144,985
Depreciation	15,821	82,843	5,086	246	103,996
Disposals (end of contract and early termination of contract)	(585)	-	-	-	(585)
Reclassification	-	(118,902)	-	-	(118,902)
Translation effect	(2,554)	(6,563)	(1,949)	(33)	(11,099)
Balance at June 30, 2021	<u>\$ 41,199</u>	<u>53,653</u>	<u>23,087</u>	<u>456</u>	<u>118,395</u>
Carrying amount:					
Balance at January 1, 2022	<u>\$ 72,488</u>	<u>33,283</u>	<u>16,853</u>	<u>595</u>	<u>123,219</u>
Balance at June 30, 2022	<u>\$ 80,147</u>	<u>33,560</u>	<u>17,505</u>	<u>430</u>	<u>131,642</u>
Balance at June 30, 2021	<u>\$ 77,563</u>	<u>82,786</u>	<u>19,971</u>	<u>840</u>	<u>181,160</u>

(Continued)

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

(h) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the six months ended June 30, 2022 and 2021, 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, 2022	\$ 103,896	2,711	35,566	118,484	260,657
Addition	-	-	-	6,819	6,819
Disposal	-	-	-	(102)	(102)
Reclassification from property, plant and equipment	-	-	-	3,524	3,524
Translation effect	1,514	41	518	1,596	3,669
Balance at June 30, 2022	<u>\$ 105,410</u>	<u>2,752</u>	<u>36,084</u>	<u>130,321</u>	<u>274,567</u>
Balance at January 1, 2021	\$ 119,155	3,110	40,789	112,334	275,388
Addition	-	-	-	15,335	15,335
Reclassification from property, plant and equipment	-	-	-	2,093	2,093
Translation effect	(10,240)	(267)	(3,505)	(10,407)	(24,419)
Balance at June 30, 2021	<u>\$ 108,915</u>	<u>2,843</u>	<u>37,284</u>	<u>119,355</u>	<u>268,397</u>
Amortization and impairment loss:					
Balance at January 1, 2022	\$ -	1,085	7,113	84,041	92,239
Amortization	-	278	1,826	6,675	8,779
Disposals	-	-	-	(102)	(102)
Translation effect	-	13	82	1,140	1,235
Balance at June 30, 2022	<u>\$ -</u>	<u>1,376</u>	<u>9,021</u>	<u>91,754</u>	<u>102,151</u>
Balance at January 1, 2021	\$ -	622	4,079	82,590	87,291
Amortization	-	298	1,957	6,174	8,429
Translation effect	-	(67)	(443)	(7,332)	(7,842)
Balance at June 30, 2021	<u>\$ -</u>	<u>853</u>	<u>5,593</u>	<u>81,432</u>	<u>87,878</u>
Carrying amount:					
Balance at January 1, 2022	<u>\$ 103,896</u>	<u>1,626</u>	<u>28,453</u>	<u>34,443</u>	<u>168,418</u>
Balance at June 30, 2022	<u>\$ 105,410</u>	<u>1,376</u>	<u>27,063</u>	<u>38,567</u>	<u>172,416</u>
Balance at June 30, 2021	<u>\$ 108,915</u>	<u>1,990</u>	<u>31,691</u>	<u>37,923</u>	<u>180,519</u>

(i) Short-term loans

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Secured loans	\$ 127,694	138,035	114,826
Unsecured loans	2,976,285	2,363,831	1,586,417
Total	<u>\$ 3,103,979</u>	<u>2,501,866</u>	<u>1,701,243</u>
Unused credit line	<u>\$ 1,923,350</u>	<u>1,628,791</u>	<u>2,797,308</u>
Interest rate (%)	<u>0.39~3.25</u>	<u>0.29~4.09</u>	<u>0.29~2.95</u>

(Continued)

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

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

(j) Long-term loans

	June 30, 2022	December 31, 2021	June 30, 2021
Secured loans	\$ 2,597,529	2,697,734	2,317,599
Unsecured loans	1,782,743	1,424,077	818,608
Less: deferred financing fee	(2,002)	(3,010)	(4,011)
Subtotal	4,378,270	4,118,801	3,132,196
Less: current portion	(1,254,398)	(1,082,462)	(419,026)
Total	<u>\$ 3,123,872</u>	<u>3,036,339</u>	<u>2,713,170</u>
Unused credit line	<u>\$ 2,714,943</u>	<u>3,080,336</u>	<u>4,106,990</u>
Interest rate (%)	<u>1.00~4.00</u>	<u>0.95~4.00</u>	<u>0.99~4.00</u>
Maturity date	<u>2022.8~2026.3</u>	<u>2022.8~2026.3</u>	<u>2022.8~2026.2</u>

(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 six months ended June 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. APT 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 six months ended June 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 of long-term loans) must exceed 100%.

(Continued)

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

- 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. APT should provide a declaration which states no breach of such commitment upon annual review.

- 3) The Group made an early repayment to the syndication loan of the nine financial institutions, including First Commercial Bank, in the first half of 2021. However, the syndication loan agreement has not yet expired, the Group still retains the underlying credit line.

The agreements that the Group entered into with banks had no significant change for the six months ended June 30, 2022. Please refer to note 6(k) of the 2021 consolidated financial statements for related information.

(k) Lease liabilities

The amounts of leased liability were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ 39,184	40,965	47,836
Non-current	94,662	84,479	87,161
	<u>\$ 133,846</u>	<u>125,444</u>	<u>134,997</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30	For the six months ended June 30	For the three months ended June 30	For the six months ended June 30
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 1,051</u>	<u>1,725</u>	<u>2,048</u>	<u>3,097</u>
Expenses relating to short-term leases	<u>\$ 1,474</u>	<u>620</u>	<u>3,254</u>	<u>958</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 139</u>	<u>149</u>	<u>288</u>	<u>450</u>

(Continued)

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

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

	For the six months ended June 30	
	2022	2021
Total cash outflow from operating activities	\$ 5,590	4,505
Total cash outflow from investing activities	23,539	50,780
Total cash outflow for leases	<u>\$ 29,129</u>	<u>55,285</u>

(i) Real estate leases

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.

(ii) Other leases

The Group leases office equipment and transportation equipment 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.

(l) 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, 2021 and 2020.

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 1,615	1,938	3,213	3,976
Administration expenses	1,208	1,121	2,403	2,299
	<u>\$ 2,823</u>	<u>3,059</u>	<u>5,616</u>	<u>6,275</u>

(Continued)

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

(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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Administration expenses	<u>\$ 251</u>	<u>243</u>	<u>510</u>	<u>479</u>

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$8,139 thousand, \$6,383 thousand and \$7,750 thousand as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

(m) Income taxes

The amounts of income tax for the three months and six months ended June 30, 2022 and 2021, were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current tax expense				
Current period	<u>\$ 27,618</u>	<u>15,253</u>	<u>32,571</u>	<u>43,388</u>

The Company and AET are not required to pay income tax and file an income tax return in the country in which they are incorporated.

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 2021. The income tax return of AET's Taiwan Branch and the Company's Taiwan Branch had been approved by the Revenue department through 2020. The income tax of APC had been approved by the Revenue department through 2021.

(n) 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 six months ended June 30, 2022 and 2021. Please refer to note 6(p) of the 2021 consolidated financial statements for related information.

(Continued)

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

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 bonus to employees for the six months ended June 30, 2022 and 2021, was \$0 thousand, and remuneration to directors were \$758 thousand and \$360 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 May 24, 2022, the shareholders' meeting resolved to pay a bonus to employees of \$0 thousand and remuneration to directors of \$1,080 thousand for the year ended December 31, 2021, which differed from the estimated amount of remuneration to directors of \$360 thousand. The difference was accounted for as a change in accounting estimate, and was recognized as a gain or loss for the year 2022.

On July 2, 2021, the shareholders' meeting resolved to distribute remuneration to employee, as well as remuneration to directors and supervisors of \$0 thousand and \$720 thousand, respectively, in accordance to the Company's estimation in the 2020. The related information is available on the Market Observation Post System website.

On May 24, 2022 and July 2, 2021, the shareholders' meeting resolved to appropriate the 2021 and 2020 earnings. These earnings were appropriated as follows:

	<u>2021</u>	<u>2020</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u><u>759,752</u></u>	<u><u>569,814</u></u>

The related information about the earnings distribution that was approved by the Company's Board of Directors and resolved during the shareholder's meeting is available on the Market Observation Post System website.

(o) Earnings per share

The calculation of basic and diluted earnings per share (EPS) was as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic EPS (Diluted EPS):				
Net income	\$ <u><u>361,072</u></u>	<u><u>291,331</u></u>	<u><u>775,007</u></u>	<u><u>445,715</u></u>
Weighted-average number of common shares outstanding (thousand shares)	<u><u>189,938</u></u>	<u><u>189,938</u></u>	<u><u>189,938</u></u>	<u><u>189,938</u></u>
Basic EPS / Diluted EPS (New Taiwan Dollars)	\$ <u><u>1.90</u></u>	<u><u>1.53</u></u>	<u><u>4.08</u></u>	<u><u>2.35</u></u>

(Continued)

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

(p) Revenues from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Primary geographical markets:				
Vietnam	\$ 623,809	560,635	1,676,743	984,657
Singapore	752,952	601,524	1,659,004	1,227,833
Thailand	626,254	680,751	1,235,534	1,286,567
Korea	565,253	381,322	999,894	758,697
Other	<u>1,403,106</u>	<u>1,268,825</u>	<u>2,545,105</u>	<u>2,495,707</u>
	\$ <u>3,971,374</u>	<u>3,493,057</u>	<u>8,116,280</u>	<u>6,753,461</u>
Main product/service line				
Single-layer PCB sales	\$ 108,076	170,146	251,232	321,165
Double-layer PCB sales	1,296,082	1,078,732	3,015,694	1,923,003
Multi-layer PCB sales	2,563,029	2,225,462	4,843,991	4,486,406
Other	10,961	22,924	20,966	30,769
Less: sales return and allowance	<u>(6,774)</u>	<u>(4,207)</u>	<u>(15,603)</u>	<u>(7,882)</u>
	\$ <u>3,971,374</u>	<u>3,493,057</u>	<u>8,116,280</u>	<u>6,753,461</u>

(ii) Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 295	-	796
Accounts receivable	4,183,014	4,378,017	3,672,979
Less: loss allowance	<u>(71,233)</u>	<u>(47,187)</u>	<u>(54,053)</u>
Total	\$ <u>4,112,076</u>	<u>4,330,830</u>	<u>3,619,722</u>

(q) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest income on bank deposits	\$ <u>229</u>	<u>146</u>	<u>245</u>	<u>291</u>

(Continued)

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

(ii) Other income

The details of other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Income from cancellation of orders	\$ 3,877	11,728	15,019	11,733
Others	2,923	5,090	7,928	8,140
	<u>\$ 6,800</u>	<u>16,818</u>	<u>22,947</u>	<u>19,873</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Gains (losses) on disposal of property, plant and equipment	\$ (42)	(760)	(238)	189
Foreign exchange losses, net	(54,241)	(14,535)	(36,781)	(32,031)
Valuation gains on financial assets (liabilities), net	70,911	15,097	74,321	20,486
Impairment loss	(3,853)	(4,255)	(7,669)	(8,221)
Gain on lease modifications	336	27	336	27
Other	(2)	1	(4)	(48)
	<u>\$ 13,109</u>	<u>(4,425)</u>	<u>29,965</u>	<u>(19,598)</u>

(iv) Finance cost

The details of finance cost were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest expense on loans from banks	\$ 38,206	18,877	69,244	34,137
Interest expense on lease liabilities	1,051	1,725	2,048	3,097
Less: interest expense capitalized	(7,789)	(14,458)	(15,525)	(23,012)
	<u>\$ 31,468</u>	<u>6,144</u>	<u>55,767</u>	<u>14,222</u>

(Continued)

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

(r) 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 2021 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 40%, 38% and 37% of the total amount of notes and accounts receivable as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively. As of June 30, 2022, December 31, 2021, and June 30, 2021, the Group's accounts receivable concentrated on three main customers were \$1,660,266 thousand, \$1,664,796 thousand and \$1,327,950 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.

(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>
June 30, 2022					
Non-derivative financial liabilities					
Short-term loans	\$ 3,103,979	3,118,909	3,118,909	-	-
Long-term loans	4,378,270	4,598,749	1,380,100	1,143,641	2,075,008
Lease liabilities	133,846	142,281	42,570	34,701	65,010
Accounts payable	2,899,539	2,899,539	2,899,539	-	-
Dividend payable	759,752	759,752	759,752	-	-
Other payables (including payables for equipment)	1,456,741	1,456,741	1,456,741	-	-
Long-term payable	110,910	110,910	-	98,504	12,406
	<u>\$ 12,843,037</u>	<u>13,086,881</u>	<u>9,657,611</u>	<u>1,276,846</u>	<u>2,152,424</u>

(Continued)

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

	<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>
December 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 2,501,866	2,507,677	2,507,677	-	-
Long-term loans	4,118,801	4,318,904	1,169,251	789,860	2,359,793
Lease liabilities	125,444	133,532	44,238	33,716	55,578
Accounts payable	3,537,424	3,537,424	3,537,424	-	-
Other payables (including payables for equipment)	1,632,808	1,632,808	1,632,808	-	-
Long-term payable	232,619	232,619	-	218,098	14,521
Derivative financial liabilities					
Other forward contract —					
Inflow	-	(928,601)	(928,601)	-	-
Outflow	4,322	932,923	932,923	-	-
	<u><u>\$ 12,153,284</u></u>	<u><u>12,367,286</u></u>	<u><u>8,895,720</u></u>	<u><u>1,041,674</u></u>	<u><u>2,429,892</u></u>
June 30, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 1,701,243	1,789,004	1,789,004	-	-
Long-term loans	3,132,196	3,473,009	528,845	720,630	2,223,534
Lease liabilities	134,997	143,638	51,413	36,529	55,696
Accounts payable	3,097,483	3,097,483	3,097,483	-	-
Other payables (including payables for equipment)	1,394,697	1,394,697	1,394,697	-	-
Long-term payable	159,159	159,159	-	141,532	17,627
Derivative financial liabilities					
Other forward contract —					
Inflow	-	(55,816)	(55,816)	-	-
Outflow	65	55,881	55,881	-	-
	<u><u>\$ 9,619,840</u></u>	<u><u>10,057,055</u></u>	<u><u>6,861,507</u></u>	<u><u>898,691</u></u>	<u><u>2,296,857</u></u>

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

(Continued)

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

(iii) Currency risk

1) Currency risk exposure

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

	June 30, 2022			December 31, 2021			June 30, 2021			
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	
Financial assets										
Monetary items										
USD	\$	126,188	29.58	3,733,264	143,590	27.59	3,961,867	132,524	27.75	3,677,541
Financial liabilities										
Monetary items										
USD		89,718	29.86	2,679,350	131,078	27.86	3,651,461	163,718	28.04	4,590,547

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 June 30, 2022 and 2021, would have increased (decreased) net profit before tax for the six months ended June 30, 2022 and 2021, by \$(52,000) thousand and \$45,000 thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2021.

3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Group's exchange gains (losses), including realized and unrealized, were \$(54,241) thousand, \$(14,535) thousand, \$(36,781) thousand and \$(32,031) thousand for the three months and the six months ended June 30, 2022 and 2021, 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.

(Continued)

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

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 \$9,356 thousand and \$6,047 thousand for the six months ended June 30, 2022 and 2021, 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:

		June 30, 2022			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets – current	\$ 43,263	-	43,263	-	43,263
Financial assets measured at amortized cost					
Cash and cash equivalents	745,692	-	-	-	-
Notes receivables	295	-	-	-	-
Accounts receivables	4,111,781	-	-	-	-
Other receivables	183,191	-	-	-	-
Refundable deposits	7,961	-	-	-	-
Other financial assets	14,477	-	-	-	-
Subtotal	5,063,397	-	-	-	-
Total	\$ 5,106,660	-	43,263	-	43,263

(Continued)

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

June 30, 2022					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Financial liabilities measured at amortized cost					
Short-term loans	\$ 3,103,979	-	-	-	-
Long-term loans	4,378,270	-	-	-	-
Lease liabilities	133,846	-	-	-	-
Accounts payable	2,899,539	-	-	-	-
Dividend payable	759,752	-	-	-	-
Other payables (including payables for equipment)	1,456,741	-	-	-	-
Long-term payable	110,910	-	-	-	-
Total	\$ 12,843,037	-	-	-	-
December 31, 2021					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets — current	\$ 9,285	-	9,285	-	9,285
Financial assets measured at amortized cost					
Cash and cash equivalents	660,374	-	-	-	-
Accounts receivables	4,330,830	-	-	-	-
Other receivables	201,583	-	-	-	-
Refundable deposits	7,811	-	-	-	-
Other financial assets	8,206	-	-	-	-
Subtotal	5,208,804	-	-	-	-
Total	\$ 5,218,089	-	9,285	-	9,285

(Continued)

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

		December 31, 2021			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities—current	\$ 4,322	-	4,322	-	4,322
Financial liabilities measured at amortized cost					
Short-term loans	2,501,866	-	-	-	-
Long-term loans	4,118,801	-	-	-	-
Lease liabilities	125,444	-	-	-	-
Accounts payable	3,537,424	-	-	-	-
Other payables (including payables for equipment)	1,632,808	-	-	-	-
Long-term payable	232,619	-	-	-	-
Subtotal	12,148,962	-	-	-	-
Total	<u>\$ 12,153,284</u>	<u>-</u>	<u>4,322</u>	<u>-</u>	<u>4,322</u>
		June 30, 2021			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets—current	\$ 23,274	-	23,274	-	23,274
Financial assets measured at amortized cost					
Cash and cash equivalents	1,151,516	-	-	-	-
Notes receivables	796	-	-	-	-
Accounts receivables	3,618,926	-	-	-	-
Other receivables	119,658	-	-	-	-
Refundable deposits	7,690	-	-	-	-
Other financial assets	5,559	-	-	-	-
Subtotal	4,904,145	-	-	-	-
Total	<u>\$ 4,927,419</u>	<u>-</u>	<u>23,274</u>	<u>-</u>	<u>23,274</u>

(Continued)

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

	June 30, 2021				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities—current	\$ 65	-	65	-	65
Financial liabilities measured at amortized cost					
Short-term loans	1,701,243	-	-	-	-
Long-term loans	3,132,196	-	-	-	-
Lease liabilities	134,997	-	-	-	-
Accounts payable	3,097,483	-	-	-	-
Other payables (including payables for equipment)	1,394,697	-	-	-	-
Long-term payable	159,159	-	-	-	-
Subtotal	9,619,775	-	-	-	-
Total	<u>\$ 9,619,840</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>65</u>

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 equivalents, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans, payables for machinery and equipment and dividend payable.
- ii) Fair value of long-term loans, lease liabilities, and long-term payable are 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 loans are recognized at 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 at book value.

(Continued)

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

b) Derivative financial instruments

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

(s) 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 2021 consolidated financial statements for related information.

(t) 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.

As at June 30, 2022, the Group's capital management strategy was consistent with the year ended at December 31, 2021. The Group has to maintain the debt-to-equity ratio at a certain level according to the criteria set by creditors. The Group's debt-to-equity ratio as at June 30, 2022, December 31, 2021, and June 30, 2021, was as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Net liabilities	\$ <u>13,045,693</u>	<u>12,365,742</u>	<u>9,818,680</u>
Total equity	\$ <u>7,517,387</u>	<u>7,396,475</u>	<u>7,393,295</u>
Debt-to-equity ratio	<u>173.54</u> %	<u>167.18</u> %	<u>132.81</u> %

The debt-to-equity ratio as of June 30, 2022, December 31, 2021, and June 30, 2021 was within the limit set by creditors.

(Continued)

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

The quantitative capital management information for APT, a subsidiary of the Company, in the relevant periods are summarized below:

	Unit: thousands of THB		
	June 30, 2022	December 31, 2021	June 30, 2021
Net liabilities	\$ <u>13,350,804</u>	<u>13,677,756</u>	<u>10,630,527</u>
Total equity	\$ <u>10,464,818</u>	<u>9,523,298</u>	<u>8,395,761</u>
Debt-to-equity ratio	<u>127.58 %</u>	<u>143.62 %</u>	<u>126.62 %</u>

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

(u) Non-cash investing and financing activities

For the six months ended June 30, 2022 and 2021, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(k) for related information.

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes Acquisition or termination of contracts	Translation effect	June 30, 2022
Long-term loans	\$ 4,118,801	208,812	-	50,657	4,378,270
Short-term loans	2,501,866	572,357	-	29,756	3,103,979
Lease liabilities	125,444	(23,539)	30,156	1,785	133,846
Total liabilities from financing activities	\$ <u>6,746,111</u>	<u>757,630</u>	<u>30,156</u>	<u>82,198</u>	<u>7,616,095</u>

	January 1, 2021	Cash flows	Non-cash changes Acquisition or termination of contracts	Translation effect	June 30, 2021
Long-term loans	\$ 2,327,927	1,013,232	-	(208,963)	3,132,196
Short-term loans	1,369,949	471,363	-	(140,069)	1,701,243
Lease liabilities	145,055	(50,780)	52,644	(11,922)	134,997
Total liabilities from financing activities	\$ <u>3,842,931</u>	<u>1,433,815</u>	<u>52,644</u>	<u>(360,954)</u>	<u>4,968,436</u>

(Continued)

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

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wang Shu Mu	Chairman of the Company

- (c) Significant transactions with related parties — Guarantee

For the six months ended June 30, 2022 and 2021, 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:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 12,002	10,071	23,457	20,935
Post-employment benefits	90	157	198	323
Other long-term benefits	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
	<u>\$ 12,093</u>	<u>10,229</u>	<u>23,657</u>	<u>21,260</u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Other financial assets				
— non-current:				
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 14,477	8,206	5,559
Property, plant, and equipment:				
Land	Long-term and short-term loans	368	363	380
Buildings	Long-term and short-term loans	33,056	35,826	40,977
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,053,570	1,100,397	872,472
Total		<u>\$ 1,101,471</u>	<u>1,144,792</u>	<u>919,388</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 commitments in the financial statements:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Acquisition of property, plant and equipment	\$ 721,624	1,165,428	1,421,688
Long-term commitments	<u>62,766</u>	<u>42,990</u>	<u>56,505</u>
Total	<u>\$ 784,390</u>	<u>1,208,418</u>	<u>1,478,193</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Letters of credit	\$ <u>117,498</u>	<u>149,333</u>	<u>174,334</u>

(c) Guarantees provided by banks were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Electricity guarantee	\$ <u>100,144</u>	<u>78,785</u>	<u>76,922</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

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

(12) Other:

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

Function Account	For the three months ended June 30					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	433,141	85,417	518,558	425,378	84,236	509,614
Health insurance	-	436	436	-	410	410
Pension	1,615	1,459	3,074	1,938	1,364	3,302
Remuneration to directors	-	488	488	-	180	180
Other personnel expense	38,007	20,896	58,903	38,185	16,489	54,674
Depreciation	237,282	28,076	265,358	169,085	26,904	195,989
Amortization	1,765	2,745	4,510	1,514	2,732	4,246

Function Account	For the six months ended June 30					
	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	824,007	161,878	985,885	826,166	159,254	985,420
Health insurance	-	897	897	-	833	833
Pension	3,213	2,913	6,126	3,976	2,778	6,754
Remuneration to directors	-	758	758	-	360	360
Other personnel expense	79,322	52,254	131,576	75,550	29,812	105,362
Depreciation	454,762	55,713	510,475	340,426	49,174	389,600
Amortization	3,376	5,403	8,779	3,025	5,404	8,429

- (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 six months ended June 30, 2022:

- (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	22,552,161 (Note 2)	8,020,996	8,020,996	5,295,715	-	106.70 %	22,552,161 (Note 3)	Y	N	N
2	APT	The Company	3	4,387,705 (Note 4)	1,070,141	1,070,141	535,068	-	14.24 %	4,387,705 (Note 5)	N	Y	N
3	APT	APS	2	4,387,705 (Note 4)	682,101	682,101	392,912	-	9.07 %	4,387,705 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

- Companies with business relations.
- Companies in which more than 50% of shares with voting rights are directly or indirectly owned by the Company.
- Companies directly or in directly owning more than 50% of shares with voting rights of the Company.
- Companies in which 90% of shares with voting rights are directly or indirectly owned the Company.
- Companies under reciprocal inter-insurance for constructional contractual purpose.
- Companies guaranteed by all contributed shareholders due to co-investing relationships.
- 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 for the guarantee provided to a specific enterprise 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 net worth 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 APT's net worth.

Note 5: Total amount of the guarantee provided by APT is limited to 50% of its net worth.

- (iii) Securities held as of June 30, 2022 (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 note 6(b)
- (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 six months ended June 30, 2022:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	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 %	8,775,411	801,983	798,615	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	7,353	3,935	1,158	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	194,596	5,787	5,786 (Note 3)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	6,007	596	1,384	

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 audited 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, 2022 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022 (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	21,839 (RMB5,000)	2	-	-	-	-	216 (RMB49)	99.58 %	1,065 (RMB240)	(3,296) (RMB(733))	-

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

- (1) Direct investment in China.
- (2) Indirect investment in China through investment in Thailand (APT).
- (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 audited by the Group's 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 period were calculated by using the exchange rate on June 30, 2022 (BS exchange rate RMB:TWD=1:4.4968). The net income (loss) of the investee company and investment gains (losses) recognized by the parent company were calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.4358).

(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	Percentage
Lu Yan Xian		18,000,000	9.47 %
Cathay Life Insurance fully authorize Cathay Securities Investment Trust (Taiwan Stock nine)		10,094,000	5.31 %
Jin Da He Co., Ltd.		9,702,000	5.10 %

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 June 30				
2022				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 3,969,204	-	2,170	3,971,374
Intersegment revenues	7,767	98,004	(105,771)	-
Total revenue	<u>\$ 3,976,971</u>	<u>98,004</u>	<u>(103,601)</u>	<u>3,971,374</u>
Reportable segment profit or loss	<u>\$ 402,801</u>	<u>(7,149)</u>	<u>(5,390)</u>	<u>390,262</u>
For the three months ended June 30				
2021				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 3,492,845	-	212	3,493,057
Intersegment revenues	2,493	60,411	(62,904)	-
Total revenue	<u>\$ 3,495,338</u>	<u>60,411</u>	<u>(62,692)</u>	<u>3,493,057</u>
Reportable segment profit or loss	<u>\$ 324,481</u>	<u>(14,062)</u>	<u>(2,556)</u>	<u>307,863</u>

(Continued)

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

For the six months ended June 30				
2022				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 8,112,304	-	3,976	8,116,280
Intersegment revenues	13,682	164,128	(177,810)	-
Total revenue	<u>\$ 8,125,986</u>	<u>164,128</u>	<u>(173,834)</u>	<u>8,116,280</u>
Reportable segment profit or loss	<u>\$ 836,340</u>	<u>(18,977)</u>	<u>(6,416)</u>	<u>810,947</u>
For the six months ended June 30				
2021				
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 6,753,249	-	212	6,753,461
Intersegment revenues	5,131	113,969	(119,100)	-
Total revenue	<u>\$ 6,758,380</u>	<u>113,969</u>	<u>(118,888)</u>	<u>6,753,461</u>
Reportable segment profit or loss	<u>\$ 516,028</u>	<u>(18,191)</u>	<u>(6,780)</u>	<u>491,057</u>

For the three months and six months ended June 30, 2022 and 2021, the adjustments and eliminations of the intersegment net profit to the reportable segment profit or loss were \$(5,390) thousand, \$(2,556) thousand, \$(6,416) thousand and \$(6,780) thousand, respectively.