Stock Code:4927

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Six Months Ended June 30, 2023 and 2022

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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, 2023 and 2022, the consolidated statements of comprehensive income for the three months ended and the six months ended June 30, 2023 and 2022, changes in equity and cash flows for the six months ended June 30, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, and its consolidated cash flow for the six months ended June 30, 2023 and 2022 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 Standards on Auditing of 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 Norm of professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2023. 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. 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, 2022, for accounting policy related to subsequent measurements of inventories, and accounting assumptions and estimation uncertainties of inventories, respectively. Please refer to note 6(e) "Iventories" 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 net realizable value of inventories is vulnerable to the impact of highly competitive market and the renewal of production technology of printed circuit board and lead to the risk that the cost of iventories could be higher than the net realizable value. 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.

2. Impairment of goodwill

Please refer to note 4(l) "Impairment of non-derivative financial assets" and note 5(b) of the consolidated financial statements for the year ended December 31, 2022, for accounting policy related to impairment of goodwill, and accounting assumptions and estimation uncertainties of impairment of goodwill, respectively. Please refer to note 6(h) "Intangible assets" for description related to measurements of impairment of goodwill of the consolidated financial statements.

Description of key audit matter:

Goodwill arising from the merger & acquisition transaction taken by the Group. Due to the assessment of impairment of goodwill involved forecasting and discounting future cash flows along with several key assumptions, such key assumptions and assessment subject to the management's judgements and the inherent uncertainty is considered as high. Therefore, the impairment of goodwill 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:

- Obtaining the document of impairment test for goodwill from the management.
- Assessing the reasonableness of the cash flows forecast, discount rate and other assumptions applied in the impairment test 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023 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 11, 2023

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, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
11xx	**Current assets:**						
1100	Cash and cash equivalents (notes 6(a) and 8)	$ 680,402	3	714,266	4	745,692	4
1110	Financial assets at fair value through profit or loss－current (notes 6(a), (b) and 8)	3,804	-	20,755	-	43,263	-
1150	Notes receivable, net (notes 6(c) and (p))	513	-	156	-	295	-
1170	Accounts receivable, net (notes 6(c) and (p))	2,955,872	16	3,952,037	20	4,111,781	20
1200	Other receivables (note 6(d))	93,273	-	121,501	1	183,191	1
130x	Inventories (note 6(e))	2,962,021	16	3,098,039	15	4,113,972	20
1470	Other current assets	115,235	1	58,136	-	34,643	-
	Total current assets	6,811,120	36	7,964,890	40	9,232,837	45
15xx	**Non-current assets:**						
1600	Property, plant and equipment (notes 6(f), (g), (h), (i), (j), 8 and 9)	11,446,275	61	11,480,481	57	10,915,715	53
1755	Right-of-use asset (notes 6(f), (g) and (k))	149,875	1	149,934	1	131,642	1
1780	Intangible assets (notes 6(f) and (h))	193,507	1	205,841	1	172,416	1
1840	Deferred tax assets	35,751	-	35,997	-	31,614	-
1915	Prepayment for equipment (note 6(f))	152,067	1	158,966	1	93,439	-
1920	Refundable deposits	8,129	-	8,312	-	7,961	-
1980	Other financial assets－non-current (notes 6(a), (b), (j) and 8)	16,762	-	18,557	-	14,477	-
	Total non-current assets	12,002,366	64	12,058,088	60	11,367,264	55
1xxx	**Total assets**	**$ 18,813,486**	**100**	**20,022,978**	**100**	**20,600,101**	**100**

		June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
21xx	**Current liabilities:**						
2100	Short-term loans (notes 6(f), (i), 7, 8 and 9)	$ 1,943,217	10	2,472,991	12	3,103,979	15
2120	Financial liabilities at fair value through profit or loss－current (notes 6(a), (b) and 8)	5,189	-	12	-	-	-
2170	Accounts payable	2,094,686	12	2,083,281	11	2,899,539	14
2200	Other payables (notes 6(n) and (q))	532,360	3	528,457	3	666,502	3
2213	Payable for machinery and equipment	431,422	2	533,484	3	790,239	4
2216	Dividend payable (note 6(n))	379,876	2	-	-	759,752	4
2230	Current tax liabilities	-	-	61,189	-	31,133	-
2280	Current lease liabilities (notes 6(g) and (k))	46,649	-	45,042	-	39,184	-
2322	Current portion of long-term loans (notes 6(a), (f), (j), 7 and 8)	1,883,405	10	1,400,452	7	1,254,398	6
2399	Other current liabilities	46,876	-	60,188	-	48,493	-
	Total current liabilities	7,363,680	39	7,185,096	36	9,593,219	46
25xx	**Non-Current liabilities:**						
2540	Long-term loans (notes 6(a), (f), (j), 7 and 8)	3,940,928	21	4,575,831	23	3,123,872	16
2570	Deferred tax liabilities	41,626	-	42,229	-	56,792	-
2580	Non-current lease liabilities (notes 6(g) and (k))	106,566	1	107,713	1	94,662	-
2612	Long-term payable	12,912	-	18,921	-	110,910	1
2670	Other non-current liabilities (note 6(l))	68,754	-	61,648	-	66,238	-
	Total non-current liabilities	4,170,786	22	4,806,342	24	3,452,474	17
2xxx	**Total liabilities**	11,534,466	61	11,991,438	60	13,045,693	63
31xx	**Equity attributable to owners of parent (note 6(n)):**						
3110	Common stock	1,899,380	10	1,899,380	10	1,899,380	9
3200	Capital surplus	2,405,304	13	2,405,512	12	2,405,512	12
3300	Retained earnings	3,630,038	20	4,265,773	21	4,155,807	20
3410	Exchange differences on translation of foreign financial statements	(687,838)	(4)	(572,465)	(3)	(943,312)	(4)
	Total equity attributable to owners of parent	7,246,884	39	7,998,200	40	7,517,387	37
36xx	**Non-controlling interests**	32,136	-	33,340	-	37,021	-
3xxx	**Total equity**	7,279,020	39	8,031,540	40	7,554,408	37
2-3xxx	**Total liabilities and equity**	**$ 18,813,486**	**100**	**20,022,978**	**100**	**20,600,101**	**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, 2023 and 2022

(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			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (note 6(p))**	$ 3,152,770	100	3,971,374	100	6,446,504	100	8,116,280	100
5000	**Operating costs (notes 6(e), (f), (g), (h), (k) and (l))**	2,882,675	92	3,075,007	78	5,786,149	89	6,364,980	79
5900	**Gross profit from operations**	270,095	8	896,367	22	660,355	11	1,751,300	21
6000	**Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (n), (q) and 7):**								
6188	Selling expenses	204,626	6	263,414	7	446,958	7	500,283	6
6200	Administrative expenses	192,417	6	194,054	5	392,408	6	383,465	5
6300	Research and development expenses	14,795	-	18,245	-	29,267	-	30,362	-
6450	Expected credit loss (reversal of expected credit loss)	(5,401)	-	19,062	-	(31,231)	-	23,633	-
	Total operating expenses	406,437	12	494,775	12	837,402	13	937,743	11
6900	**Operating income (loss)**	(136,342)	(4)	401,592	10	(177,047)	(2)	813,557	10
7000	**Non-operating income and expenses (notes 6(b), (f), (g), (k) and (r)):**								
7100	Interest income	1,018	-	229	-	1,607	-	245	-
7010	Other income	18,874	1	6,800	-	27,726	-	22,947	-
7020	Other gains and losses	18,497	1	13,109	-	18,119	-	29,965	-
7050	Finance costs	(63,924)	(3)	(31,468)	-	(127,205)	(2)	(55,767)	-
	Total non-operating income and expenses	(25,535)	(1)	(11,330)	-	(79,753)	(2)	(2,610)	-
7900	**Profit (loss) from continuing operations before tax**	(161,877)	(5)	390,262	10	(256,800)	(4)	810,947	10
7951	**Less: Income tax expenses (note 6(m))**	31	-	27,618	1	10	-	32,571	-
8200	**Profit (loss)**	(161,908)	(5)	362,644	9	(256,810)	(4)	778,376	10
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	(147,375)	(5)	(184,646)	(5)	(115,834)	(2)	106,103	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8300	**Other comprehensive income (loss)**	(147,375)	(5)	(184,646)	(5)	(115,834)	(2)	106,103	1
8500	**Total comprehensive income (loss)**	**$ (309,283)**	**(10)**	**177,998**	**4**	**(372,644)**	**(6)**	**884,479**	**11**
	Profit (loss) attributable to:								
8610	Owners of parent	$ (161,307)	(5)	361,072	9	(255,859)	(4)	775,007	10
8620	Non-controlling interests	(601)	-	1,572	-	(951)	-	3,369	-
		$ (161,908)	**(5)**	**362,644**	**9**	**(256,810)**	**(4)**	**778,376**	**10**
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	$ (308,089)	(10)	177,201	4	(371,232)	(6)	880,664	11
8720	Non-controlling interests	(1,194)	-	797	-	(1,412)	-	3,815	-
		$ (309,283)	**(10)**	**177,998**	**4**	**(372,644)**	**(6)**	**884,479**	**11**
	Earnings (deficits) per share (expressed in New Taiwan dollars) (note 6(o))								
9750	Basic earnings (deficits) per share	**$ (0.85)**		**1.90**		**(1.35)**		**4.08**	
9850	Diluted earnings (deficits) per share	**$ (0.85)**		**1.90**		**(1.35)**		**4.08**	

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings						
	Common stock	Capital surplus	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
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 (loss)	-	-	-	-	-	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	**$ 1,899,380**	**2,405,512**	**1,048,969**	**3,106,838**	**4,155,807**	**(943,312)**	**7,517,387**	**37,021**	**7,554,408**
Balance at January 1, 2023	$ 1,899,380	2,405,512	1,048,969	3,216,804	4,265,773	(572,465)	7,998,200	33,340	8,031,540
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(379,876)	(379,876)	-	(379,876)	-	(379,876)
Loss	-	-	-	(255,859)	(255,859)	-	(255,859)	(951)	(256,810)
Other comprehensive income (loss)	-	-	-	-	-	(115,373)	(115,373)	(461)	(115,834)
Total comprehensive income (loss)	-	-	-	(255,859)	(255,859)	(115,373)	(371,232)	(1,412)	(372,644)
Changes in ownership interests in subsidiaries	-	(208)	-	-	-	-	(208)	208	-
Balance at June 30, 2023	**$ 1,899,380**	**2,405,304**	**1,048,969**	**2,581,069**	**3,630,038**	**(687,838)**	**7,246,884**	**32,136**	**7,279,020**

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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	**2022**
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (256,800)	810,947
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	639,206	510,475
Amortization expense	13,062	8,779
Expected credit loss (reversal of expected credit loss)	(31,231)	23,633
Interest expense	127,205	55,767
Interest income	(1,607)	(245)
Loss (gain) on disposal of property, plant and equipment	(3,749)	238
Valuation losses on financial assets or liabilities, net	7,424	-
Loss of impairment on non-financial assets	8,035	7,669
Gain on lease modification	-	(336)
Total adjustments to reconcile profit	758,345	605,980
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	40,140	(33,978)
Notes receivable	(357)	(295)
Accounts receivable	1,027,396	195,416
Other receivables	28,228	18,392
Inventories	136,018	(376,010)
Other current assets	(57,099)	91,299
Total changes in operating assets	1,174,326	(105,176)
Changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(25,323)	(4,322)
Accounts payable	11,405	(637,885)
Other payables	3,880	95,412
Other current liabilities	(13,312)	(23,438)
Other non-current liabilities	7,106	4,513
Total changes in operating liabilities	(16,244)	(565,720)
Total changes in operating assets and liabilities	1,158,082	(670,896)
Total adjustments	1,916,427	(64,916)
Cash inflow generated from operations	1,659,627	746,031
Interest received	1,607	245
Interest paid	(127,182)	(54,518)
Income taxes paid	(61,726)	(23,407)
Net cash flows from operating activities	1,472,326	668,351
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(778,903)	(1,251,521)
Proceeds from disposal of property, plant and equipment	23,975	-
Decrease (increase) in refundable deposits	183	(150)
Acquisition of intangible assets	(533)	(6,819)
Decrease (increase) in other financial assets－non-current	1,795	(6,271)
Increase in prepayments for equipment	(101,519)	(114,615)
Net cash flows used in investing activities	(855,002)	(1,379,376)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(504,170)	572,357
Proceeds from long-term loans	1,204,164	489,183
Repayments of long-term loans	(1,279,841)	(280,371)
Payment of lease liabilities	(24,991)	(23,539)
Net cash flows from (used in) financing activities	(604,838)	757,630
Effect of exchange rate changes on cash and cash equivalents	(46,350)	38,713
Net increase (decrease) in cash and cash equivalents	(33,864)	85,318
Cash and cash equivalents at beginning of period	714,266	660,374
Cash and cash equivalents at end of period	$ **680,402**	**745,692**

See accompanying notes to consolidated financial statements.

(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. 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 11, 2023.

(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, 2023:

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

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(b) 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"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"

- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- IFRS16 "Requirements for Sale and Leaseback Transactions"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IAS12 "International Tax Reform – Pillar Two Model Rules"

(4) Summary of material 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 Interpreations 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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2022.

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

			Percentage of ownership (%)			
Name of investor	**Name of subsidiary**	**Business activities**	**June 30, 2023**	**December 31, 2022**	**June 30, 2022**	**Note**
The Company	Apex Circuit (Thailand) Co., Ltd. (APT)	PCB manufacturing and sales	99.60 %	99.58 %	99.58 %	(Note1)
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 %	(Note2)
APS	Shye Feng (Singapore) Pte. Ltd. (APSS)	PCB sales development	100.00 %	100.00 %	100.00 %	

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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Note 1: The Company's Board of Directors resolved to participate in APT's capital increase and issuance of new shares on February 28, 2023. APT plans to issue 8,000 thousand shares at THB 62.5 per share, with a par value of THB 10 per share. As the minority shareholding waived its subscription, the Company subscribed the entire new shares issued and made the full payment on March 31, 2023. APT completed the registration of new shares with the local government on April 4, 2023.

Note 2: APT invested CNY 7,000 thousand into APC in 2022.

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

(c) Employee benefits

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

(d) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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, 2022. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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(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, 2022. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash	$ 1,785	1,521	1,643
Demand deposits	658,478	637,507	720,974
Checking deposits	7,685	13,822	11,185
Time deposits	12,454	61,416	11,890
Cash and cash equivalents in the consolidated statement of cash flows	**$ 680,402**	**714,266**	**745,692**

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Restricted bank deposit	**$ 16,762**	**18,577**	**14,477**

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	**$ 3,804**	**20,755**	**43,263**

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

	June 30, 2023	December 31, 2022	June 30, 2022
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	$ 5,189	12	-

Please refer to note 6(r) 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, 2023, December 31, 2022, and June 30, 2022.

Forward exchange contracts:

	June 30, 2023				
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets (liabilities)
Forward exchange purchased	USD	3,500	USD to THB	2023.8.28 ~2023.11.24	$ 3,580
Forward exchange sold	CNY	3,000	CNY to THB	2023.10.26	177
Forward exchange sold	USD	2,000	USD to THB	2023.9.1	47
Total					$ 3,804
Forward exchange sold	USD	8,500	USD to THB	2023.8.9 ~2023.9.5	$ (5,189)

	December 31, 2022				
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets (liabilities)
Forward exchange sold	USD	14,000	USD to THB	2023.1.3 ~2023.2.27	$ 20,755
Forward exchange sold	USD	1,000	USD to THB	2023.2.17	$ (12)

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	June 30, 2022				
	Amount (in thousands)		Currency	Maturity dates	Fair value of assets (liabilities)
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
Total					**$ 43,263**

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, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 513	156	295
Accounts receivable	3,023,099	4,051,340	4,183,014
Less: allowance for bad debt	(67,227)	(99,303)	(71,233)
	$ 2,956,385	**3,952,193**	**4,112,076**

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, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 373,988	0.74	2,785
Past due 1~30 days	30,638	3.49	1,070
Past due 31~60 days	2,154	10.03	216
Past due 61~90 days	2	50.00	1
Past due 121~180 days	1	76.09	1
Past due over 180 days	14,126	100.00	14,126
	$ 420,909		**18,199**

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	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 463,229	0.60	2,785
Past due 1~30 days	66,975	2.83	1,897
Past due 31~60 days	15,360	9.42	1,447
Past due 61~90 days	13,345	17.47	2,332
Past due 91~120 days	4,629	40.22	1,862
Past due 121~180 days	10,359	64.61	6,693
Past due over 180 days	6,299	100.00	6,299
	$ 580,196		**23,315**

	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**

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, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 316,911	-	-
Past due 1~30 days	19,849	-	-
Past due 31~60 days	4,579	-	-
	$ 341,339		**-**

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	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 252,817	-	-
Past due 1~30 days	60,721	-	-
Past due 31~60 days	3,139	-	-
Past due 61~90 days	6,903	-	-
	$ 323,580		-

	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
	$ 455,184		2

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

	June 30, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	$ 1,991	100.00	1,991

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	$ 2,033	100.00	2,033

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

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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, 2023		
	Gross carrying amount	**Weighted average loss rate (%)**	**Loss allowance provision**
Not yet due	$ 1,453,694	-	-
Past due 1~30 days	186,299	-	-
Past due 31~60 days	7,903	-	-
Past due 61~90 days	9,183	-	-
Past due 91~120 days	4,859	0.29	14
Past due over 180 days	173	100.00	173
	$ 1,662,111		**187**

The accounts receivable above did not contain all the amounts that the Group has for a specific 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 was $39,005 thousand.

	December 31, 2022		
	Gross carrying amount	**Weighted average loss rate (%)**	**Loss allowance provision**
Not yet due	$ 1,512,263	0.01	90
Past due 1~30 days	216,696	0.01	29
Past due 31~60 days	9,473	-	-
Past due 61~90 days	23,918	-	-
Past due over 180 days	175	100.00	175
	$ 1,762,525		**294**

The accounts receivable above did not contain all the amounts that the Group has for a specific 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 was $38,411 thousand.

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	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
	$ 1,982,154		828

The accounts receivable above did not contain all the amounts that the Group has for a specific 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 was $37,163 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, 2023		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 489,014	0.74	3,621
Past due 1~30 days	55,194	5.52	3,046
Past due 31~60 days	12,087	8.01	968
Past due 61~90 days	1,962	10.71	210
	$ 558,257		7,845

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	$ 1,024,361	0.74	7,552
Past due 1~30 days	123,526	5.49	6,779
Past due 31~60 days	82,242	7.96	6,546
Past due 61~90 days	102,196	10.65	10,887
Past due 91~120 days	7,561	18.33	1,386
Past due 121~180 days	4,254	35.00	1,489
Past due over 180 days	611	100.00	611
	$ 1,344,751		35,250

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	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	2,986	26.09	779
	$ 1,042,195		18,115

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

	For the six months ended June 30	
	2023	2022
Balance at the beginning	$ 99,303	47,187
Loss (gain on reversal) of impairment	(31,231)	23,633
Foreign exchange losses	(845)	413
Balance at the ending	$ 67,227	71,233

(d) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables	$ 93,273	121,501	183,191

The Group did not have any past due other receivables as of June 30, 2023, December 31, 2022, and June 30, 2022.

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

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(e) Inventories

	June 30, 2023		
	Cost	Allowance for loss	Net realizable value
Raw materials	$ 1,002,051	(107,341)	894,710
Work in process	471,938	(12,347)	459,591
Finished goods	1,039,672	(152,549)	887,123
Supplies and spare parts	717,425	(74,573)	642,852
Goods in transit	68,657	-	68,657
Merchandise inventory	9,088	-	9,088
Total	**$ 3,308,831**	**(346,810)**	**2,962,021**

	December 31, 2022		
	Cost	Allowance for loss	Net realizable value
Raw materials	$ 1,172,081	(115,254)	1,056,827
Work in process	384,176	(10,672)	373,504
Finished goods	1,029,676	(169,140)	860,536
Supplies and spare parts	781,299	(65,944)	715,355
Goods in transit	84,432	-	84,432
Merchandise inventory	7,385	-	7,385
Total	**$ 3,459,049**	**(361,010)**	**3,098,039**

	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	**$ 4,313,749**	**(199,777)**	**4,113,972**

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For the six months ended June 30, 2023 and 2022, in addition to the normal cost of goods sold, the following loss and revenue were included in the Group's operating costs:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Allowance for inventory valuation and obsolescence losses (reversal gain)	$ (31,120)	(11,344)	(9,213)	16,698
Revenue from sale of scrap	(81,668)	(136,507)	(158,250)	(260,129)
Loss on inventory obolescence	89,141	43,868	89,141	44,907
Unallocated manufacturing expense	134,832	124,487	274,198	231,911
	$ 111,185	**20,504**	**195,876**	**33,387**

As of June 30, 2023, December 31, 2022, and June 30, 2022, 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, 2023 and 2022, 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, 2023	$ 712,063	13,375	3,883,347	11,873,068	23,016	702,373	24,455	963,742	18,195,439
Additions	-	-	82,116	158,152	-	21,396	-	409,168	670,832
Disposals	-	-	-	(53,022)	-	(4,421)	-	-	(57,443)
Reclassification (notes 1, 2 and 3)	-	-	170,805	52,412	480	14,946	-	(134,885)	103,758
Translation effect	(10,171)	(192)	(60,116)	(172,491)	(338)	(10,585)	(332)	(18,804)	(273,029)
Balance at June 30, 2023	**$ 701,892**	**13,183**	**4,076,152**	**11,858,119**	**23,158**	**723,709**	**24,123**	**1,219,221**	**18,639,557**
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 and 2)	-	-	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**
Accumulated depreciation and impairment losses:									
Balance at January 1, 2023	$ -	6,839	1,238,901	5,021,452	19,610	412,180	15,976	-	6,714,958
Depreciation	-	963	105,922	461,692	676	42,987	1,407	-	613,647
Impairment loss	-	-	-	8,035	-	-	-	-	8,035
Disposals	-	-	-	(33,728)	-	(3,489)	-	-	(37,217)
Reclassification (notes 1, 2 and 3)	-	-	-	-	480	-	-	-	480
Translation effect	-	(115)	(19,642)	(79,736)	(301)	(6,590)	(237)	-	(106,621)
Balance at June 30, 2023	**$ -**	**7,687**	**1,325,181**	**5,377,715**	**20,465**	**445,088**	**17,146**	**-**	**7,193,282**

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	Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvement	Unfinished construction and equipment undergoing acceptance testing	Total
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	$ -	5,584	1,080,014	4,511,206	17,917	354,224	13,837	-	5,982,782
Carrying amount:									
Balance at January 1, 2023	$ 712,063	6,536	2,644,446	6,851,616	3,406	290,193	8,479	963,742	11,480,481
Balance at June 30, 2023	$ 701,892	5,496	2,750,971	6,480,404	2,693	278,621	6,977	1,219,221	11,446,275
Balance at June 30, 2022	$ 674,422	6,671	2,349,256	5,874,282	3,884	289,716	9,446	1,708,038	10,915,715

Note 1: The cost of $106,235 thousand and $266,660 thousand, respectively, were transferred from prepayment for equipment for the six months ended June 30, 2023 and 2022.

2. The cost of $2,957 thousand and $3,524 thousand, respectively, were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the six months ended June 30, 2023 and 2022.

3. The cost of $480 thousand and accumulated depreciation of $480 thousand were reclassified from right-of-use asset for the six months ended June 30, 2023.

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Impairment loss	$ 8,035	3,853	8,035	7,669

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

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

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

(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, 2023	$ 170,527	83,290	58,538	1,324	313,679
Additions	-	20,729	6,800	-	27,529
Reclassification to property, plant and equipment	-	-	(480)	-	(480)
Translation effect	(2,105)	(1,569)	(735)	(19)	(4,428)
Balance at June 30, 2023	$ 168,422	102,450	64,123	1,305	336,300

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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		Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
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	**$**	**139,718**	**75,090**	**48,289**	**1,254**	**264,351**
Accumulated depreciation and impairment losses:						
Balance at January 1, 2023	$	74,461	51,080	37,151	1,053	163,745
Depreciation		12,258	7,847	5,270	184	25,559
Reclassification to property, plant and equipment		-	-	(480)	-	(480)
Translation effect		(1,106)	(874)	(400)	(19)	(2,399)
Balance at June 30, 2023	**$**	**85,613**	**58,053**	**41,541**	**1,218**	**186,425**
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	**$**	**59,571**	**41,530**	**30,784**	**824**	**132,709**
Carrying amount:						
Balance at January 1, 2023	**$**	**96,066**	**32,210**	**21,387**	**271**	**149,934**
Balance at June 30, 2023	**$**	**82,809**	**44,397**	**22,582**	**87**	**149,875**
Balance at June 30, 2022	**$**	**80,147**	**33,560**	**17,505**	**430**	**131,642**

(h) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the six months ended June 30, 2023 and 2022, were as follows:

		Goodwill	Operating procedure	Customer relationship	Software	Total
Costs:						
Balance at January 1, 2023	$	111,294	2,906	38,098	171,736	324,034
Addition		-	-	-	533	533
Disposal		-	-	-	(155)	(155)
Reclassification from property, plant and equipment		-	-	-	2,957	2,957
Translation effect		(1,590)	(42)	(544)	(2,504)	(4,680)
Balance at June 30, 2023	**$**	**109,704**	**2,864**	**37,554**	**172,567**	**322,689**

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	Goodwill	Operating procedure	Customer relationship	Software	Total
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	**$ 105,410**	**2,752**	**36,084**	**130,321**	**274,567**
Amortization and impairment loss:					
Balance at January 1, 2023	$ -	1,743	11,429	105,021	118,193
Amortization	-	292	1,913	10,857	13,062
Disposals	-	-	-	(155)	(155)
Translation effect	-	(30)	(198)	(1,690)	(1,918)
Balance at June 30, 2023	**$ -**	**2,005**	**13,144**	**114,033**	**129,182**
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	**$ -**	**1,376**	**9,021**	**91,754**	**102,151**
Carrying amount:					
Balance at January 1, 2023	**$ 111,294**	**1,163**	**26,669**	**66,715**	**205,841**
Balance at June 30, 2023	**$ 109,704**	**859**	**24,410**	**58,534**	**193,507**
Balance at June 30, 2022	**$ 105,410**	**1,376**	**27,063**	**38,567**	**172,416**

(i) Short-term loans

	June 30, 2023	December 31, 2022	June 30, 2022
Secured loans	$ 64,315	91,720	127,694
Unsecured loans	1,878,902	2,381,271	2,976,285
Total	**$ 1,943,217**	**2,472,991**	**3,103,979**
Unused credit line	**$ 3,202,623**	**3,196,279**	**1,923,350**
Interest rate (%)	**1.45~5.68**	**0.39~5.81**	**0.39~3.25**

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

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(j) Long-term loans

The long-term loans of the Group were stated as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Secured loans	$ 539,740	568,775	2,597,529
Unsecured loans	5,290,080	5,413,918	1,782,743
Less: deferred financing fee	(5,487)	(6,410)	(2,002)
Subtotal	5,824,333	5,976,283	4,378,270
Less: current portion	(1,883,405)	(1,400,452)	(1,254,398)
Total	**$ 3,940,928**	**4,575,831**	**3,123,872**
Unused credit line	**$ 8,191,995**	**6,987,756**	**2,714,943**
Interest rate (%)	**2.10~6.36**	**1.00~5.63**	**1.00~4.00**
Maturity date	**2024.5~2029.6**	**2023.4~2027.12**	**2022.8~2026.3**

(i) Collateral for loans

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

(ii) Loan contract

APT, a subsidiary of the Company, entered into agreements with KASIKORN BANK for the six months ended June 30, 2023. The main commitment clauses in the contract are as follows:

1) The debt ratio (total liability/tangible net asset) cannot exceed 200%.

2) The debt coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense)/ long-term loan] must exceed 120%.

The increase in logn-term loans for the six months ended June 30, 2023 and 2022 were $1,204,164 thousand and $489,183 thousand, respectively, with the interest rates ranging from 2.10% to 6.36% and 1.26% to 4.00%, respectively. The maturity dates are from May 2024 to June 2029 and from March 2023 to May 2027, respectively. The amounts of repayment were $1,279,841 thousand and $280,371 thousand, respectively.

(k) Lease liabilities

The amounts of leased liability were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	$ 46,649	45,042	39,184
Non-current	106,566	107,713	94,662
	$ 153,215	**152,755**	**133,846**

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

(Continued)

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Interest on lease liabilities	**$ 1,215**	**1,051**	**2,424**	**2,048**
Expenses relating to short-term leases	**$ 1,559**	**1,474**	**3,132**	**3,254**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 122**	**139**	**276**	**288**

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

	For the six months ended June 30	
	2023	**2022**
Total cash outflow from operating activities	$ 5,832	5,590
Total cash outflow from financing activities	24,991	23,539
Total cash outflow for leases	**$ 30,823**	**29,129**

(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, 2022 and 2021.

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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	
	2023	**2022**	**2023**	**2022**
Operating costs	$ 1,690	1,615	3,385	3,213
Administration expenses	1,306	1,208	2,616	2,403
	$ 2,996	**2,823**	**6,001**	**5,616**

(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	
	2023	**2022**	**2023**	**2022**
Administration expenses	**$ 211**	**251**	**460**	**510**

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to $8,225 thousand, $6,216 thousand and $8,139 thousand as of June 30, 2023, December 31, 2022, and June 30, 2022, respectively.

(m) Income taxes

The amounts of income tax for the three months ended and the six months ended June 30, 2023 and 2022, were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Current tax expense				
Current period	**$ 31**	**27,618**	**10**	**32,571**

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 2022. The income tax return of AET's Taiwan Branch and the Company's Taiwan Branch had been approved by the Revenue department through 2021. The income tax of APC had been approved by the Revenue department through 2022.

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(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, 2023 and 2022. Please refer to note 6(n) of the 2022 consolidated financial statements for related information.

According to the Company's 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 reserve a appropriate amount to offset the cumulative loss. The Company’s estimated bonus to employees, was $0 thousand, and remuneration to directors was $758 thousand, respectively, in six months ended June 30, 2022. Should there be difference between the actual distribution amount 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.

According to the amendment of the Company's Articles of Association, which was approved by the shareholders' meeting held on May 24, 2022, when allocating the net profit for each fiscal year, the Company should first offset its losses incurred in previous years, and appropriate a special surplus reserve as required by the applicable authority under the Applicable Public Company Rules. After the distribution, the remainder is to be combined with unappropriated earnings in the beginning of the period as accumulated distributable profits, the Board of Directors shall prepare a resolution for the distribution of earnings in accordance with the dividend policy. If all or parts of the distribution were made in cash ,it shall be approved by a majority vote cast at a meeting of the Board with two-third or more of the Directors present at the Board meeting; and in addition thereto a report of such distribution shall be submitted to the annual shareholders' meeting.

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. The related information is available on the Market Observation Post System website.

On March 29, 2023 and May 24, 2022, the Board of Directors and the shareholders' meeting resolved to appropriate the 2022 and 2021 earnings, respectively. These earnings were appropriated as follows:

	2022	**2021**
Dividends distributed to ordinary shareholders		
Cash	**$ 379,876**	**759,752**

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.

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(o) Earnings (deficits) per share

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Basic earnings (deficits) per share (Diluted earnings (deficits) per share):				
Net income (loss)	$ (161,307)	361,072	(255,859)	775,007
Weighted-average number of common shares outstanding (thousand shares)	189,938	189,938	189,938	189,938
Basic earnings (deficits) per share / Diluted earnings (deficits) per share (New Taiwan Dollars)	$ (0.85)	1.90	(1.35)	4.08

(p) Revenues from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Primary geographical markets:				
Singapore	$ 639,206	623,809	1,334,374	1,676,743
Vietnam	471,038	752,952	1,068,408	1,659,004
Thailand	500,047	626,254	1,118,625	1,235,534
Korea	484,533	565,253	865,741	999,894
Other	1,057,946	1,403,106	2,059,356	2,545,105
	$ 3,152,770	3,971,374	6,446,504	8,116,280
Main product/service line				
Single-layer PCB sales	$ 96,254	108,076	217,474	251,232
Double-layer PCB sales	942,316	1,296,082	2,074,084	3,015,694
Multi-layer PCB sales	2,111,006	2,563,029	4,156,372	4,843,991
Other	6,025	10,961	14,806	20,966
Less: sales return and allowance	(2,831)	(6,774)	(16,232)	(15,603)
	$ 3,152,770	3,971,374	6,446,504	8,116,280

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(ii) Remaining balances of contract

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 513	156	295
Accounts receivable	3,023,099	4,051,340	4,183,014
Less: loss allowance	(67,227)	(99,303)	(71,233)
Total	**$ 2,956,385**	**3,952,193**	**4,112,076**

(q) Remuneration to employees and directors

According to the amendment of the Company's Articles of Association which was approved by the shareholders' meeting held on May 24, 2022, where there are profits in a given year, after reserving the amount for covering the accumulated losses, no more than 2% of the profit shall be distributed as employees' compensation and no more than 2% of the profit shall be distributed as Directors' compensation. Employees' compensation may be distributed in the form of shares of the Company or in cash, and may be distributed to the qualified employees of the Company's subsidiaries.

The Company estimated the remuneration to employees of $0 thousand, and the remuneration to directors of $0 thousand for the three months ended and the six months ended June 30, 2023. If there are difference between the actual distribution and estimated distribution, it will change in accounting estimate, and are recognized as gain or loss next year.

On February 28, 2023, the Board of Directors meeting resolved to distribute remuneration to employee of $0 thousand, as well as remuneration to directors and supervisors of $1,440 thousand, respectively, for the year ended 2022, which were the same as the Company's estimation in the 2022. The related information is available on the Market Observation Post System website.

(r) Non-operating income and expenses

(i) Interest income

The details of interest income of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Interest income on bank deposits	**$ 1,018**	**229**	**1,607**	**245**

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(ii) Other income

The details of other income of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Income from cancellation of orders	$ 11,491	3,877	13,028	15,019
Others	7,383	2,923	14,698	7,928
	$ 18,874	**6,800**	**27,726**	**22,947**

(iii) Other gains and losses

The details of other gains and losses of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Gains (losses) on disposal of property, plant and equipment	$ 3,338	(42)	3,749	(238)
Net foreign exchange gains (losses)	28,133	(54,241)	29,837	(36,781)
Valuation gains (losses) on financial assets or liabilities, net	(4,938)	70,911	(7,424)	74,321
Loss of impairment	(8,035)	(3,853)	(8,035)	(7,669)
Gain on lease modifications	-	336	-	336
Others	(1)	(2)	(8)	(4)
	$ 18,497	**13,109**	**18,119**	**29,965**

(iv) Finance cost

The details of finance cost of the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Interest expense on loans from banks	$ 73,309	38,206	146,828	69,244
Interest expense on lease liabilities	1,215	1,051	2,424	2,048
Less: interest expense capitalized	(10,600)	(7,789)	(22,047)	(15,525)
	$ 63,924	**31,468**	**127,205**	**55,767**

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(s) 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(s) of the 2022 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 34%, 44% and 40% of the total amount of notes and accounts receivable as of June 30, 2023, December 31, 2022, and June 30, 2022, respectively. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group's accounts receivable concentrated on three main customers were \$1,015,359 thousand, \$1,739,782 thousand and \$1,660,266 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 allowance for bad debts are measured by the expected losses of 12 months during the period.

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(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
June 30, 2023					
Non-derivative financial liabilities					
Short-term loans	$ 1,943,217	1,990,248	1,990,248	-	-
Long-term loans	5,824,333	6,193,744	2,007,127	2,203,279	1,983,338
Lease liabilities	153,215	162,496	50,603	40,964	70,929
Accounts payable	2,094,686	2,094,686	2,094,686	-	-
Dividend payable	379,876	379,876	379,876	-	-
Other payables (including payables for equipment)	963,782	963,782	963,782	-	-
Long-term payable	12,912	12,912	-	4,842	8,070
Derivative financial liabilities					
Other forward contract－					
Inflow	-	(258,614)	(258,614)	-	-
Outflow	5,189	263,803	263,803	-	-
	$ 11,377,210	**11,802,933**	**7,491,511**	**2,249,085**	**2,062,337**
December 31, 2022					
Non-derivative financial liabilities					
Short-term loans	$ 2,472,991	2,482,497	2,482,497	-	-
Long-term loans	5,976,283	6,404,925	1,597,734	2,138,907	2,668,284
Lease liabilities	152,755	161,985	48,924	40,453	72,608
Accounts payable	2,083,281	2,083,281	2,083,281	-	-
Other payables (including payables for equipment)	1,061,941	1,061,941	1,061,941	-	-
Long-term payable	18,921	18,921	-	8,278	10,643
Derivative financial liabilities					
Other forward contract－					
Inflow	-	(30,725)	(30,725)	-	-
Outflow	12	30,737	30,737	-	-
	$ 11,766,184	**12,213,562**	**7,274,389**	**2,187,638**	**2,751,535**

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	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
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
	$ 12,843,037	13,086,881	9,657,611	1,276,846	2,152,424

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

(iii) Currency risk

1) Currency risk exposure

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
Financial assets									
Monetary items									
USD	$ 86,578	31.06	2,688,704	125,960	30.58	3,851,455	126,188	29.58	3,733,264
Financial liabilities									
Monetary items									
USD	54,283	31.33	1,700,597	54,558	30.89	1,685,207	89,718	29.86	2,679,350

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, account and other receivables, loans and borrowings, and account and other payables that are denominated in foreign currency.

A 5% strengthening of the NTD and THB against the USD as at June 30, 2023 and 2022, would have decreased net profit before tax for the six months ended June 30, 2023 and 2022, by $49,000 thousand and $52,000 thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2022.

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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 $28,133 thousand, $(54,241) thousand, $29,837 thousand and $(36,781) thousand for the three months and the six months ended June 30, 2023 and 2022, respectively.

(iv) Interest rate risk

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

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

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

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by $9,700 thousand and $9,400 thousand for the six months ended June 30, 2023 and 2022, respectively, with all other variable factors remaining constant. This was mainly due to the Group's interest rate of 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, 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, 2023				
		Fair value			
	Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets－current	**$ 3,804**	**-**	**3,804**	**-**	**3,804**

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	June 30, 2023				
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－current	$ 5,189	-	5,189	-	5,189

	December 31, 2022				
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets－current	$ 20,755	-	20,755	-	20,755
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－current	$ 12	-	12	-	12

	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

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 is a reasonable approximation of fair value. 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.

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.

b) Derivative financial instruments

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

(t) 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(t) of the 2022 consolidated financial statements for related information.

(u) 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, 2023, the Group's capital management strategy was consistent with the year ended at December 31, 2022. 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, 2023, December 31, 2022, and June 30, 2022, was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Net liabilities	$ 11,534,466	11,991,438	13,045,693
Total equity	$ 7,279,020	8,031,540	7,554,408
Debt-to-equity ratio	158.46 %	149.30 %	172.69 %

The debt-to-equity ratio as of June 30, 2023, December 31, 2022, and June 30, 2022 was within the limit set by creditors.

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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, 2023	December 31, 2022	June 30, 2022
Net liabilities	$ 11,827,966	13,053,650	13,350,804
Total equity	$ 9,164,341	8,925,524	10,464,818
Debt-to-equity ratio	129.07 %	146.25 %	127.58 %

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

(v) Non-cash investing and financing activities

For the six months ended June 30, 2023 and 2022, 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(g) for related information.

Reconciliation of liabilities from financing activities were as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Acquisition or termination of contracts	Translation effect	June 30, 2023
Long-term loans	$ 5,976,283	(75,677)	-	(76,273)	5,824,333
Short-term loans	2,472,991	(504,170)	-	(25,604)	1,943,217
Lease liabilities	152,755	(24,991)	27,529	(2,078)	153,215
Total liabilities from financing activities	$ 8,602,029	(604,838)	27,529	(103,955)	7,920,765

			Non-cash changes		
	January 1, 2022	Cash flows	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	$ 6,746,111	757,630	30,156	82,198	7,616,095

(7) Related-party transactions

(a) Parent Company and ultimate controlling party

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

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Wang Shu Mu	Chairman of the Company

(c) Significant transactions with related parties－Guarantee

For the six months ended June 30, 2023 and 2022, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

(d) Management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2023	**2022**	**2023**	**2022**
Short-term employee benefits	$ 14,204	12,002	27,915	23,457
Post-employment benefits	140	90	281	198
Other long-term benefits	1	1	3	2
	$ 14,345	**12,093**	**28,199**	**23,657**

(8) Pledged assets:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Other financial assets —non-current:				
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	$ 16,762	18,557	14,477
Property, plant, and equipment:				
Land	Long-term and short-term loans	383	389	368
Buildings	Long-term and short-term loans	31,423	31,369	33,056
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,237,757	1,514,838	1,053,570
Total		$ 1,286,325	1,565,153	1,101,471

(9) Significant commitments and contingencies:

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

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	$ 494,359	427,560	721,624
Other long-term commitments	41,197	43,658	62,766
Total	$ 535,556	471,218	784,390

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

	June 30, 2023	December 31, 2022	June 30, 2022
Letters of credit	$ 51,178	34,940	117,498

(c) Guarantees provided by banks were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Electricity guarantee	$ 118,146	119,858	100,144

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(10) Losses due to major disasters:None

(11) Subsequent events:None

(12) Other:

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

Function / Account	For the three months ended June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	389,819	81,355	471,174	433,141	85,417	518,558
Health insurance	-	396	396	-	436	436
Pension	1,690	1,517	3,207	1,615	1,459	3,074
Renumeration to directors	-	(360)	(360)	-	488	488
Other personnel expense	42,490	16,158	58,648	38,007	20,896	58,903
Depreciation	291,250	32,040	323,290	237,282	28,076	265,358
Amortization	1,956	4,571	6,527	1,765	2,745	4,510

Function / Account	For the six months ended June 30					
	2023			2022		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel benefit costs						
Salaries	774,722	160,545	935,267	824,007	161,878	985,885
Health insurance	-	1,026	1,026	-	897	897
Pension	3,385	3,076	6,461	3,213	2,913	6,126
Renumeration to directors	-	-	-	-	758	758
Other personnel expense	82,470	37,403	119,873	79,322	52,254	131,576
Depreciation	576,797	62,409	639,206	454,762	55,713	510,475
Amortization	3,897	9,165	13,062	3,376	5,403	8,779

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

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(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, 2023:

(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	21,740,652 (Note 2)	14,174,808	14,174,808	6,109,374	-	195.60 %	21,740,652 (Note 3)	Y	N	N
3	APT	APS	4	4,015,814 (Note 4)	709,884	709,884	328,465	-	9.80 %	4,015,814 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

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

Note 2: If it was approved by Board of Directors, the guarantee limit 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, 2023 (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 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.

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(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2023:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,757,116	3,311,762	151,194	99.60 %	7,999,502	(233,575)	(232,624) (Note 4)	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	9,554	(83)	445 (Note 4)	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	219,995	4,383	4,383 (Note 3)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	19,120	8,865	8,308 (Note 4)	

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.

Note 4: It takes into account unrealized and realized gains and losses on intercompany transactions.

(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, 2023 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023 (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	39,848 (RMB9,000)	2	-	-	-	-	551 (RMB125)	99.60 %	3,721 (RMB844)	15,361 (RMB3,531)	-

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

(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, 2023 (BS exchange rate RMB:TWD=1:4.3502).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=1:4.4085).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

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(d) Major shareholders:

Unit: share

Shareholding / Shareholder's Name	Shares	Percentage
Lu Yan Xian	11,100,000	5.84 %

Note: (1) The main shareholder information of this table is calculated by Taiwan 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 2023			
	Thailand	**Other**	**Adjustments and eliminations**	**Total**
Revenue				
Revenue from external customers	$ 3,132,039	20,731	-	3,152,770
Intersegment revenues	18,166	58,141	(76,307)	-
Total revenue	**$ 3,150,205**	**78,872**	**(76,307)**	**3,152,770**
Reportable segment profit or loss	**$ (152,663)**	**(7,638)**	**(1,576)**	**(161,877)**

	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	**$ 3,976,971**	**98,004**	**(103,601)**	**3,971,374**
Reportable segment profit or loss	**$ 402,801**	**(7,149)**	**(5,390)**	**390,262**

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	For the six months ended June 30 2023			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	$ 6,407,427	39,077	-	6,446,504
Intersegment revenues	42,526	115,903	(158,429)	-
Total revenue	$ 6,449,953	154,980	(158,429)	6,446,504
Reportable segment profit or loss	$ (241,176)	(14,064)	(1,560)	(256,800)

	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	$ 8,125,986	164,128	(173,834)	8,116,280
Reportable segment profit or loss	$ 836,340	(18,977)	(6,416)	810,947

For the three months and six months ended June 30, 2023 and 2022, the adjustments and eliminations of the intersegment net profit to the reportable segment profit or loss were $(1,576) thousand, $(5,390) thousand, $(1,560) thousand and $(6,416) thousand, respectively.