



Stock Code 4927

Apex International Co., Ltd.

A stylized illustration of a sustainable landscape. It features green mountains, a hot air balloon, wind turbines, solar panels, a cow, and modern buildings. A large green circle with a white outline is positioned behind the text.

ANNUAL REPORT 2021

(The Annual Report is 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 Annual Report, the Chinese version shall prevail.)

This annual report is accessible at: <http://mops.twse.com.tw>
Apex URL: <http://www.apex-intl.com.tw>

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Overseas Stock Exchange : None

Board Members

Title/ Name	Nationality	Experience
Chairman Shu-Mu Wang	R.O.C.	Chairman, Apex International Co., Ltd. Chairman & Chief Strategy Officer, Apex Circuit(Thailand) Co., Ltd. Chairman, Approach Excellence Trading Ltd.
Director Jui-Hsiang Chou	R.O.C.	Director & General Manager, Apex International Co., Ltd. Director & Chief Executive Officer, Apex Circuit (Thailand) Co., Ltd.
Director Yung-Yuan Cheng	R.O.C.	Director, Apex International Co., Ltd. Executive Vice President, Apex Circuit (Thailand) Co., Ltd.
Director Shun-Chung Lee	R.O.C.	Director, Apex International Co., Ltd. Chief Business Officer & Vice President, Apex Circuit (Thailand) Co., Ltd.
Director Sen-Tien Wu	R.O.C.	Director, Apex International Co., Ltd. Chief Strategy Officer & Vice President, Apex International Co., Ltd.
Director Somkiat Krajangjaeng	Thailand	Director, Apex International Co., Ltd. Vice President, Apex Circuit (Thailand) Co., Ltd.
Director Tu-Chuan Chen	R.O.C.	Director, Apex International Co., Ltd. Chief Technology Officer, Apex Circuit (Thailand) Co., Ltd.
Independent Director Chau-Chin Su	R.O.C.	Independent Director, Apex International Co., Ltd. Professor, Electrical and Computer Engineering, National Yang Ming Chiao Tung University
Independent Director Yung-Tsai Chen	R.O.C.	Independent Director, Apex International Co., Ltd. Director, Celxpert Energy Corporation
Independent Director Jesadavat Priebjivat	Thailand	Independent Director, Apex International Co., Ltd. Independent Director, Apex Circuit (Thailand) Co., Ltd. Chairman & Independent Director, Gratitude Infinite Public Co., Ltd. Independent Director, XSpring Capital Public Co. Ltd. Independent Director, Sansiri Public Co., Ltd.

Designated Agent in Taiwan

Shu-Mu Wang / Chairman

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1. Letter to Shareholders

Dear Shareholders,

Here the Senior Management Team presents the operating result of 2021 by this report. The impact of Covid-19 in 2021 remains, therefore Apex has done lots of efforts on protecting health and safety of employees and smooth output that made us pass through the toughest time and successfully got into mass production stage of new factory Apex 3. Under such difficult Covid-19 situation, it was not easy to smoothly start new capacity of Apex 3 which significantly contribute revenues and profits to Apex. In 2021, our vendors were obstructed to travel to our factory installing equipment, raw material price rose dramatically quick, shipment fee increased many times than the past etc., we still generated great result through remarkable team work together.

On behalf of Management, we would like to thank employees, shareholders, trade partners and financial institutions for your support and trust in Apex, making us able to work through the obstacles and challenges and maintain the Company in good shape. We are expecting to have your continuing support for our future growth and success and we are committed to create more value for all our stakeholders.

1. 2021 Business Report

(1) Results of Business Plans Implemented

Amount unit: NT\$ Million	2021		2020		Change %
	Amount	% to sales	Amount	% to sales	
Operating revenue	14,801	100%	11,833	100%	25%
Operating costs	11,682	79%	9,325	79%	25%
Gross profit	3,119	21%	2,508	21%	24%
Operating income	1,477	9%	1,194	10%	24%
Interest expense	45	0%	39	0%	15%
Profit before tax	1,436	9%	1,239	10%	16%
Profit after tax	1,384	9%	1,204	10%	15%

Growth of revenue in 2021 was mainly from increased demand of existed customer stimulated by booming consumption, moreover our new capacity of Apex 3 smoothly and successfully contributed either. In the same time, material price rose a lot by comparing with previous year, therefore we focused on efforts of reducing manufacturing cost in order to offset erosion of profits from materials. In addition, new capacity also helped scale benefit of Apex that also contributed to gross margin. Interest expense increased because of capital expenditure of new factory. In general, under difficult period of Covid-19, Apex paid efforts on keeping production smooth and successful that made our profit significantly grew in 2021.

(2) Budget Implementation

Actual sales amount in 2021 was NT\$ 14.8 billion which is 102% of budgeted number 14.48 billion. However net profit was 86% of budget because of increasing market price of raw materials.

(3) Financial Structure

Financial Ratio	2021	2020
Debt ratio (%)	62.46%	49.82%
Ratio of long-term capital to fixed assets (%)	107.40%	133.36%
Current ratio (%)	101.92%	132.05%
Receivables turnover ratio (time)	3.66	3.59
Inventory turnover ratio (time)	3.73	4.35
Return on assets ratio (%)	8.09%	9.12%
Return on equity ratio (%)	18.34%	15.94%
Earnings per share (NT dollar)	7.25	6.31

Expansion in 2021 made capital expenditure increase hence financial structure and liquidity related ratios went negative trend by comparing with previous year. Account receivable turnover rate went up because higher ending balance caused by new revenue of new factory occurred in late third quarter that made calculation result higher. Inventory turnover rate didn't significantly change. Profitability performed better because of the reasons mentioned in the previous paragraph. Profit still grows under factors of revenue growth, the rising cost of materials, and improvement of manufacturing expense. Meanwhile, expansion made asset increase which let return of asset ratio decrease. However return of equity and EPS grew up because of growth of profits.

(4) Research and Development

As a PCB manufacturer, Apex focuses on improvement of production and processing capacity in the hope that the output efficiency and quality can meet the demand of customers.

The achievements Apex accomplished with regard to upgraded, process and design in 2021 are as follows:

- Fully automatic Plating production mode which was successfully imported into Apex 3
- Micro PAD 160-200um product (support mini LED backlight PCB)
- Near zero waste chemistry water of micro etching process

In 2022, Apex will carry out the following plans:

- Develop micro PAD (180x200um) function testing method include testing
- Develop thicker copper (3-5 oz) and higher aspect ratio (7-14) plating process
- Develop micro hole (diameter: smaller than 0.075-0.15mm and aspect ratio 3-6) drilling process

2. 2022 Business Outlines

(1) Business Policies

- Concentration on the traditional rigid PCB from single-side to 12 layers.
- Increase major customer's allocation to Apex to increase market share.
- Continue to develop new customer and its product.
- Reduce quality defective parts (DPPM) and ensure total customer satisfaction.
- Avoid price erosion by locking in price by half yearly instead of quarterly from price cuts by customers.
- Flexible and immediate reaction to market movements.

(2) Projected Sales and Basis of Projection

Apex will keep stabilizing factory operation and cost control by foreseeing possible sales price competition caused by competitors. Meanwhile, Apex will work hard to maintain competitiveness and progressively develop new customers. Although global demand is unstable caused by pandemic issue, we still feel heat from demand and anticipate revenue could grow in this year.

(3) Production and Marketing Policy

Apex's monthly capacity will reach 1.05 million square meters in Y2022.

Our production policy is as follows:

- A. Maintain production at full capacity to help reducing fixed overhead and maximize profit
- B. Setting the standard usage to control high unit price materials
- C. Continue improving production capability including reduction of down time and increase output
- D. Production plan according to customers' order or firm plan
- E. Setting standard period to control work in process outstanding in each process not over 1 working day
- F. Continue investigate and analysis defect mode then provide corrective action in order reduce scrap ratio
- G. Disciplined, safety and 5S management over the long process of manufacturing
- H. Shorten sample lead time to support customer new product development lead time
- I. Set up real time key condition / quality yield rate / output monitoring system. In order to solve out process issue quickly
- J. Enhance PQC real time feedback system with defect trigger alarm signal for monitor process quality and stable process condition

3. Future Company Development Strategy

In the future, Apex will continue to focus on the following key areas:

- (1) Diversify the high-end product application on the Apex 2 due to the upgraded machineries being invested
- (2) Speed up the learning curve on Apex 2 on new products so as to improve her profit structure
- (3) Expand the strategic Korean business from the Home-Appliance Division in addition to what Apex has on the LCD-TV/STB today
- (4) Set up the in-house laboratory for future enhancement and assurance on the Apex PCB reliability
- (5) Keep factory with the constantly high loading rate of 90-95% on both Apex 1 and Apex-2-1/2-2 for best use of the layout capacity
- (6) Establish Product traceability system in order to provide better quality improvement information and risk management
- (7) Develop automatic process to provide consistence quality and reduce handling issued

4. Impacts from the External Competitive Environment, Legal Environment and Overall Management Environment

(1) External Competitive Environment

Competition in the electronic industry has remained fierce and challenges from Chinese suppliers are especially tough. However, because of Apex's objective advantage of being located in Southeast Asia and China's increasingly disadvantageous policies for

low-end PCB businesses, in addition as the happened move-to-south caused by China-US trade war, Apex's complete edges will grow more obvious as time passes. Besides the objective advantage from the geographic location, strict cost and quality control has also created subjective advantages and enabled Apex to meet the demand and expectations of customers.

By keeping a close watch on market developments and competition situations, Apex is able to make various strategic plans in advance, continue to exhibit its strong execution capacity, make precise estimates of customers' orders, and implement its procurement tactics and production-marketing plans in the most efficient way. Looking at 2022, Apex is confident that it will be able to continue to provide customers with high quality service, punctual deliveries and best quotations.

(2)The Legal Environment

Every country continues to adopt new regulations. Apex is aware of its social responsibility and will make every necessary effort to comply with such new regulations. The regulations on the governance of listed companies set by the competent authority in Taiwan are growing more and more comprehensive. Apex will adhere to the spirit of corporate governance, manage its business with integrity, strengthen the capacity of the board of directors, perfect the channels for communication with stakeholders, make company information transparent, keep shareholder equity in balance, and fulfill its corporate social responsibility.

(3)Overall Management Environment


Apex, as a factory located in Thailand, keeps looking for stable sources of orders. In recent years, Apex was always being threatened by PCB competitors from China with their growing capacity and declining price. However Apex keeps pursuing higher internal operating performance in order to meet customers' requirements and provide qualified services. Therefore Apex still is able to make revenues and profits grow up.

By observing 2021, Apex successfully made profit founded by her solid and long-term management culture. In 2022, our prior goals will be that to stabilize manufacturing ability, to cautiously control production cost and to keep capacity utilization staying at high level.

Competition and challenges will not stop in the future, but Apex is fully prepared. We believe that Apex still can keep growing in such tough environment by our competitive ability and new orders.

Apex International Co., Ltd.
Chairman

Shu-Mu Wang



2. Company Profile

2.1 Company Establishment Date and Profile

Apex was founded on October 28, 2009 and registered in the Cayman Islands. Presently, the Company's main business operations are production and sales of single-sided, double-sided and multi-layer printed circuit boards (PCB) used in LCD TVs, set-top boxes (STBs), hard disks, printers, satellite communications equipment and multimedia equipment for automobiles. Apex's management goal is to have a firm grasp of market demand and provide products of stable quality. To achieve this, Apex enforces high-standard production management and adopts forward-looking business strategies. On top of these, the Company's corporate culture stresses the importance of efficiency and harmony in order to provide consumers in the end market with electronic products of diversified range of application. After making unsparing efforts in market expansion, Apex has become an international supplier for electronics manufacturers but the endeavor to extend the range and scale of product applications is never stopped. At the same time, operation management and cost control are enhanced and appropriate pricing strategies are adopted to maintain the Company's profitability. In the future, besides investment in development of new products and technologies, Apex will continuously work on the conventional rigid PCB market and meet the needs of customers.

2.2 Group History

Year	Important Group and Company Events
2004	<ul style="list-style-type: none">● The subsidiary in Thailand increased its capital to 408 million baht to expand its production capacity.● Passing QS-9000 certification.
2005	<ul style="list-style-type: none">● Passing ISO-14001 certification.● The subsidiary in Thailand increased its capital to 508 million baht to purchase production equipment.● Plant B was constructed to increase the monthly production capacity to 100 thousand square meters.
2006	<ul style="list-style-type: none">● The capital was increased to 604 million baht to finance the construction of Plant B.● A new management team was brought in for production and clientele expansion.● The Board of Investment of Thailand granted Plant B tax exemption for five years.● Passing ISO/TS-16949 certification.● Passing the Green Partner certification by Sony.
2007	<ul style="list-style-type: none">● Plant B started full production.● Apex joined the Institute for Supply Management to set a foot in Western markets.● Apex invested in Auto-Drilling Technology Co., Ltd. to supply its own drill presses.
2008	<ul style="list-style-type: none">● Plant C-1 was inaugurated in October.● The production capacity was raised to 145 thousand square meters in November.● New customers: Western Digital, Thompson, Samsung and Cannon.
2009	<ul style="list-style-type: none">● Plant C-2 was inaugurated in December.● Apex signed a sales and marketing agreement with KFE Japan Co., Ltd. to seek Japanese customers.● Apex International Co., Ltd. was established as a financial holding group and plans were made for the Company to become listed in Taiwan.● New customer: Hitachi HDD.

Year	Important Group and Company Events
2010	<ul style="list-style-type: none"> ● The investment in Auto-Drilling Technology Co., Ltd. was increased to boost drill press production capacity. ● The capital was increased to NT\$ 842 million to expand production capacity. ● The monthly production capacity was expanded from 145 thousand square meters to 165 thousand square meters in February and again increased to 180 thousand square meters in August after completion of Plant C-3. ● The Taiwan office was established. ● New customers: Panasonic and Pace
2011	<ul style="list-style-type: none"> ● The production capacity expansion plan was completed in March/April and the monthly production capacity was increased from 180 thousand square meters to 210 thousand square meters. ● The inner layer production capacity was raised by a large margin to meet the demand for multi-layer boards. ● Apex made an investment to set up Approach Excellence Trading Ltd. a subsidiary, to be in charge of procurement in Taiwan for the group. ● Apex was listed in Taiwan on October 18. ● The Board of Investment of Thailand gave the approval for the five-year tax exemption for Plant B to extend to eight years. ● New customer: Toshiba HDD
2012	<ul style="list-style-type: none"> ● The production capacity expansion plan was completed in January and the monthly production capacity increased from 210 thousand square meters to 250 thousand square meters. ● The construction of the new plant Apex 2 in Sinsakhon Industrial Estate officially began in March; the total investment was estimated to be NT\$ 5 billion. ● To increase profit, Apex purchased drill presses and edge trimmers from Auto-Drilling Technology to reduce outsourcing costs and also disposed of the Auto-Drilling Technology shares.
2013	<ul style="list-style-type: none"> ● Apex 2 launched the trial first phase production in Q4 ● Apex acquired new Japanese and Korean customers.
2014	<ul style="list-style-type: none"> ● Apex 2 officially began the first phase production in Q1. ● Production of 8-layer boards started.
2015	<ul style="list-style-type: none"> ● Apex 2 officially began the second phase production in Q2. ● Apex has been listed in TWSE on September 8.
2016	<ul style="list-style-type: none"> ● Apex 2 officially began the third phase production in Q4.
2017	<ul style="list-style-type: none"> ● Apex 2 officially began the third phase production in Q3.
2018	<ul style="list-style-type: none"> ● Selected as Samsung VD member and become Samsung's Honorary Strategic Partner
2019	<ul style="list-style-type: none"> ● The Company signed a syndicated loan agreement. ● Subsidiary Apex Circuit (Thailand) Co., Ltd. obtaining Shye Feng Enterprise (Thailand) Co., Ltd. shares.
2020	<ul style="list-style-type: none"> ● The Expansion of New Factory Apex 3 ● Apex was awarded with the Outstanding Overseas Taiwanese SMEs Award ● The Company was selected into MSCI World Small Cap Index

Year	Important Group and Company Events
2021	<ul style="list-style-type: none"> ● The Company was selected into TWSE Corporate Governance 100 Index ● The Company was awarded the 2021 AREA-Health Promotion Award ● The Company was awarded the 2021 TCSA Corporate Sustainability Reports Award ● Launch of renewable energy project ● Apex 3 starts operation with a monthly production capacity of 240 thousand square meters.

2.3 Group Structure

Please see 8.1.

2.4 Risk Management

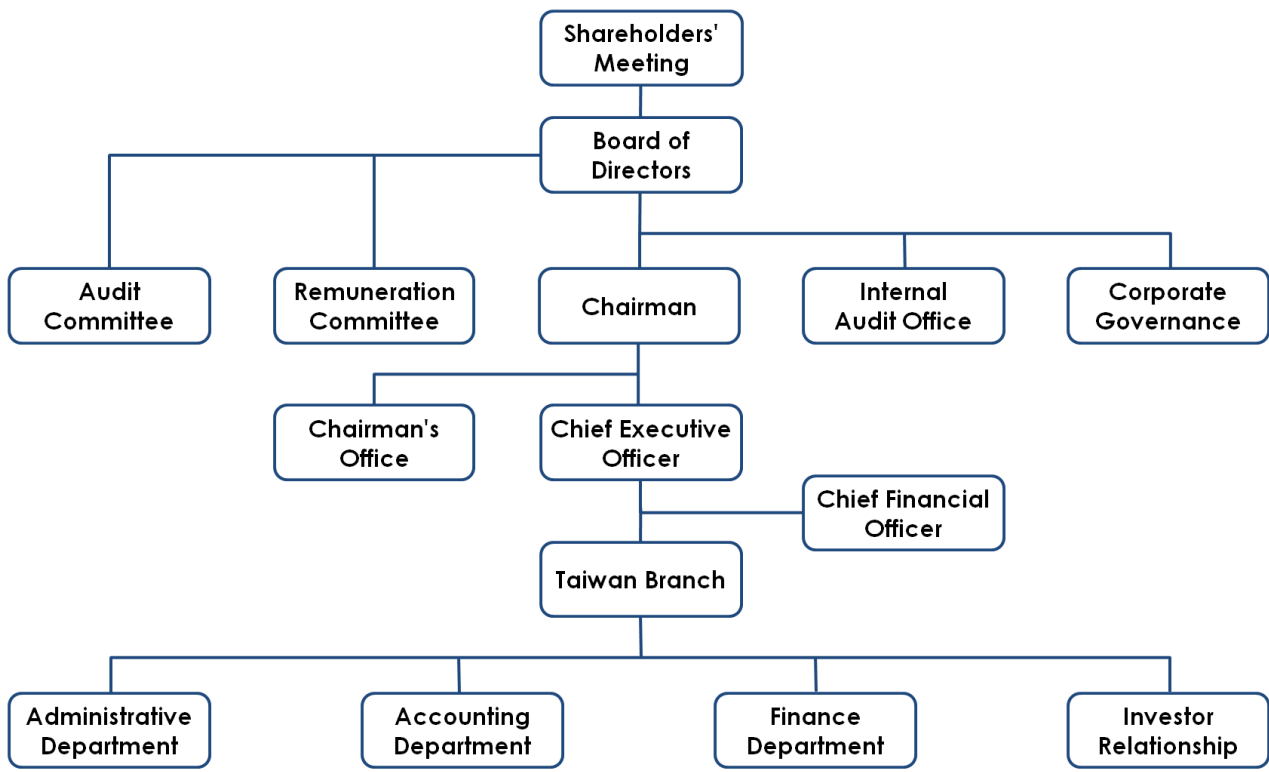
Please see 7.6.

3. Corporate Governance Report

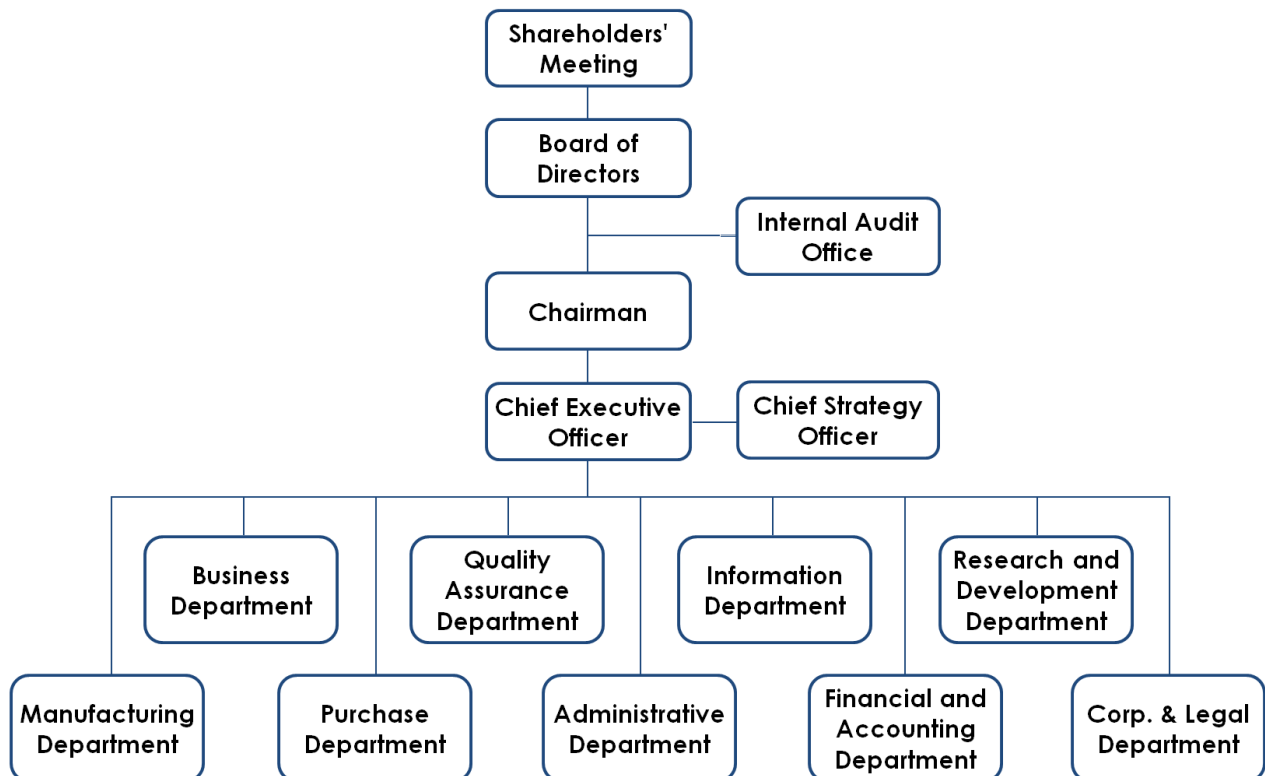
3.1 Organization

Organization Chart

■ Apex



■ APT



Department Functions

Name of Department	Functions
Internal Audit Office	<p>Assessment of the comprehensiveness and reasonableness of the Company's internal control system and the effectiveness of task execution by each department.</p> <p>Execution of internal audits, compilation of audit reports and provision of suggestions and improvement measures.</p>
Corporate Governance Team	<p>Comply with the "Principle of Corporate Governance", "Principle of Corporate Social Responsibility", "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" of the Company to plan and implement the progress/performance, and report to BOD meeting in the end of every year.</p> <p>Promotion of corporate social responsibility and the ethical management policy.</p>
Chief Executive Officer	<p>Establishment of the Company's mid- and long-term plans, execution of special projects and consolidation of unit reports for the board of directors.</p>
Chief Strategy Officer	<p>Assistance to the Chief Executive Officer in establishment of the Company's mid- and long-term strategies and execution of special projects.</p>
Manufacturing Department	<p>Production, sustenance of quality, and control of production capacity and use of raw materials.</p> <p>Production and public equipment maintenance.</p>
Business Department	<p>Establishment of market strategies, establishment and execution of marketing plans, customer and supplier contact and problem solution, delivery tracking, and customer service.</p>
Purchase Department	<p>Procurement and management of raw materials and machine equipment.</p> <p>Importation/exportation, transportation and warehousing operations.</p>
Quality Control Department	<p>Quality inspection, establishment of quality policies, regulations and criteria, confirmation of quality compliance with customers' standards, and customer complaint handling.</p>
Administrative Department	<p>Establishment of personnel regulations, human resource recruitment and training, establishment of pay scales, performance evaluation, and reward and punishment administration.</p> <p>Establishment and execution of workplace safety policies and management of administrative affairs.</p> <p>Management of importation affairs and imported goods to ensure all related operations comply with the regulations of the Board of Investment of Thailand.</p>
Management Information Department	<p>Establishment of plans, installation, development and management of the Company's information systems and equipment.</p> <p>Establishment and execution of information security policies.</p>
Finance and Accounting Department	<p>Design and revision of the accounting system and bookkeeping.</p> <p>Calculation and analysis of production costs and management of tax affairs.</p> <p>Bank correspondence and capital distribution, budget setup, and financial risk control.</p>
Research and Development Department	<p>Improvement of quality and production capacity, development of new technologies and collection of new technology information.</p>

Name of Department	Functions
Corp. & Legal Department	Provision of legal advice on business operations for the management to ensure company operations comply with regulations, and review of contracts and participation in contract negotiations.
Taiwan Branch	<p>Management Department:</p> <ul style="list-style-type: none"> ● Management of procurement, general affairs, business affairs and company property ● Management of personnel, payroll and training <p>Finance Department:</p> <ul style="list-style-type: none"> ● Bank credit extension and correspondence ● Analysis of interest and exchange rates and establishment of hedging plans ● Long-term fund raising and short-term financing ● Provision of support in financial analysis of special projects and assessment of financial risk ● The procedures for and relative matters of Shareholders, Board of Directors and functional committees' meeting <p>Accounting Department:</p> <ul style="list-style-type: none"> ● Establishment and improvement of the accounting system ● Accounting department checkout and posting of Accounting information on the Market Observation Post System <p>Investor Relationship Department:</p> <ul style="list-style-type: none"> ● Promote sound corporate governance systems ● Maintaining relationships with the Group's shareholders and the broader investment community

3.2 Information on Directors, General Managers, Vice General Managers, Assistant General Managers and Heads of Departments and Branch

3.2.1 Information Regarding Board Members

Mar. 26, 2022; unit: share; %

Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Apex and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship Title/ Name/ Relation
						Shares	%	Shares	%	Shares	%	Shares	%			
Chairman Shu-Mu Wang	R.O.C.	Male 62	2019. 06.05	3	2009. 10.28	1,164,371	0.63	1,164,371	0.61	0	0.00	0	0.00	Dept. of Business Mathematics, SooChow University Chairman, Apex International Co., Ltd.	Chairman & Chief Strategy Officer, Apex Circuit(Thailand) Co., Ltd. Chairman, Approach Excellence Trading Ltd. Chairman, Shye Feng Enterprise (Thailand) Co., Ltd.	None
Director Jui-Hsiang Chou	R.O.C.	Male 62	2019. 06.05	3	2009. 12.17	833,427	0.45	833,427	0.44	0	0.00	0	0.00	Dept. of International Business and Trade, Aletheia University Director, Apex International Co., Ltd.	General Manager, Apex International Co., Ltd. Director & Chief Executive Officer, Apex Circuit (Thailand) Co., Ltd. Director, Shye Feng Enterprise (Thailand) Co., Ltd.	None
Director Yung-Yuan Cheng	R.O.C.	Male 63	2019. 06.05	3	2009. 12.17	645,166	0.35	645,166	0.34	0	0.00	0	0.00	Dept. of Applied Sciences Electronic Engineering, National Kaohsiung University Director, Apex International Co., Ltd. Chief Procurement Officer & Chief Operating Officer, Apex Circuit (Thailand) Co., Ltd.	Executive Vice President, Apex Circuit (Thailand) Co., Ltd.	None
Director Shun-Chung Lee	R.O.C.	Male 52	2019. 06.05	3	2016. 06.15	0	0.00	0	0.00	157,683	0.08	0	0.00	Dept. of Business Administration, National Chengchi University Director, Apex International Co., Ltd.	Chief Business Officer & Vice President, Apex Circuit (Thailand) Co., Ltd. Chief Business Officer, Shye Feng Enterprise (Thailand) Co., Ltd.	None

Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Apex and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship
						Shares	%	Shares	%	Shares	%	Shares	%			Title/ Name/ Relation
Director Sen-Tien Wu	R.O.C.	Male 53	2019. 06.05	3	2016. 06.15	0	0.00	0	0.00	0	0.00	0	0.00	Dept. of Banking, National Chengchi University Director, Apex International Co., Ltd.	Chief Strategy Officer & Vice President & Chief Corporate Governance Officer, Apex International Co., Ltd.	None
Director Somkiat Krajangjaeng	Thailand	Male 60	2019. 06.05	3	2012. 06.27	0	0.00	0	0.00	0	0.00	0	0.00	Dept. of Mechanical Engineering, Siam University, Thailand Director, Apex International Co., Ltd. Vice President, Apex Circuit (Thailand) Co., Ltd.	Management Representative & Consultant, Apex Circuit (Thailand) Co., Ltd.	None
Director Tu-Chuan Chen	R.O.C.	Male 61	2019. 06.05	3	2019. 06.05	300,000	0.16	300,000	0.16	0	0.00	0	0.00	Dept. of Education Industrial Education, National Changhua University Director, Apex International Co., Ltd.	Chief Technology Officer, Apex Circuit (Thailand) Co., Ltd.	None
Independent Director Chau-Chin Su	R.O.C.	Male 66	2019. 06.05	3	2016. 06.15	0	0.00	0	0.00	0	0.00	0	0.00	Doctor of Philosophy, University of Wisconsin-Madison, USA Independent Director, Apex International Co., Ltd. Professor, Electrical and Computer Engineering, National Yang Ming Chiao Tung University	None	None
Independent Director Yung-Tsai Chen	R.O.C.	Male 61	2019. 06.05	3	2016. 06.15	40,744	0.02	40,744	0.02	0	0.00	0	0.00	Master of Business Management, Tatung University Dept. of Accounting, SooChow University Independent Director, Apex International Co., Ltd.	Director, Celxpert Energy Corporation	None

Title/Name	Nationality	Gender Age	Date Elected	Tenure (years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Currently Held in Apex and Other Companies	Other managers, directors and supervisors with a spouse and relative within the second degree of kinship
						Shares	%	Shares	%	Shares	%	Shares	%			Title/ Name/ Relation
Independent Director Jesadavat Priebjivat	Thailand	Male 65	2019. 06.05	3	2010. 06.11	0	0.00	0	0.00	0	0.00	0	0.00	Master of Business Administration, New York University USA Master of Engineering Administration, The George Washington University, USA Independent Director, Apex International Co., Ltd.	Independent Director, Apex Circuit (Thailand) Co., Ltd. Chairman & Independent Director, Gratitude Infinite Public Co., Ltd. Independent Director, XSpring Capital Public Co. Ltd. Independent Director, Sansiri Public Co., Ltd.	None

Note: Chairman and President or someone with an equivalent job responsibility, (i.e. the highest ranking manager of the Company) are not the same person, in a marital relationship with each other, or within one degree of consanguinity.

Major shareholders of the institutional shareholders: Not applicable.

Major shareholders of the Company's major institutional shareholders: Not applicable.

Directors' Professional Qualifications and Independence

Mar. 31, 2022

Criteria Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<p><i>Chairman</i> Shu-Mu Wang</p>	<p>Dept. of Business Mathematics, Soochow University Chairman Shu-Mu Wang has practical experience, strategic management and leadership skills. Focusing on the PCB industry, chairman Wang has led Apex for more than 30 years. He has promoted the transformation of Apex from a family company to an international enterprise with an international team. Chairman Wang possesses Marketing and industry-related operational planning, operation and management practice capabilities.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Chairman & Chief Strategy Officer of the Company's Subsidiary. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	<p>0</p>
<p><i>Director</i> Jui-Hsinag Chou</p>	<p>Dept. of International Business and Trade, Aletheia University Director Jui-Hsinag Chou joined the management team in 2006 and served as the CEO. CEO Chou has extensive experience in electronic professional manufacturing services (EMS). He led the professional organization management team to initiate the enterprise upgrade measures, and made the group be authorized to have the Green Partner Certification from Sony Corporation of Japan. Since 2009, he has been the Director and General Manager of the Company and is responsible for planning group strategy and supervising and managing the operation of the Group.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the General Manager of the Company, the Director & CEO of the Company's Subsidiary. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	<p>0</p>
<p><i>Director</i> Yung-Yuan Cheng</p>	<p>Dept. of Applied Sciences Electronic Engineering, National Kaohsiung University Director Yung-Yuan Cheng has served in the Group for nearly 15 years, and has accumulated a great deal of experience in R&D, procurement and business. With the role of the managerial personnel in the BoD, Director Cheng provides professional management strategies and analysis and improvement plans for operational results. He has abundant knowledge of electronic components production, marketing and trends of the industry.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Executive Vice President of the Company's Subsidiary. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	<p>0</p>
<p><i>Director</i> Tu-Chuan Chen</p>	<p>Dept. of Education Industrial Education, National Changhua University Director Tu-Chuan Chen has worked in the electronic technology industry for more than 33 years and joined the Apex management team in 2012. With profound professional knowledge, patented development and years of R&D experience, the Group has laid a solid foundation for quality management and technological progress, enabling the Group to maintain its advantage in the highly competitive international electronic component manufacturing.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Chief Technology Officer of the Company's Subsidiary. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	<p>0</p>

Criteria	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<p><i>Director</i> Shun-Chung Lee</p>	<p>Dept. of Business Administration, National Chengchi University Director Shun-Chung Lee joined the Apex management team in 2013. Director Lee has nearly 24 years of experience in PCB related marketing and business. He has won the trust of customers with many years of professional PCB sales experiences. He is well aware of customers and market trends, and is familiar with the sales trends of various products and future plans. With his ability, the Group has developed a rich source of customers and product mix, which has laid the momentum for future performance growth.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Chief Business Officer of the Company's Subsidiary. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	0
<p><i>Director</i> Sen-Tien Wu</p>	<p>Dept. of Banking, National Chengchi University Director Sen-Tien Wu has many years of extensive experience in the field of financial investment. In recent years, Director Wu has focused on the measures and development of corporate governance and sustainable management, and proposed the latest development of corporate governance and sustainable management to the BoD for the BoD to combine the ESG goals with Group's operating strategy to lead the Group to take the common interests of the enterprise and society into account.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Chief Strategy Officer & Vice President & Chief Corporate Governance Officer of the Company. A director with the position of managerial personnel. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	0
<p><i>Director</i> Somkiat Krajangjaeng</p>	<p>Dept. of Mechanical Engineering, Siam University, Thailand Mr. Somkiat Krajangjaeng joined the Apex team in 2003. Director Krajangjaeng has contributed a lot in manufacturing management such as process planning, organization coordination, and related control. He has provided practical experience sharing to the BoD, and passed on years of industry knowledge to employees.</p>	<ul style="list-style-type: none"> ➢ Concurrently serving as the Management Representative & Consultant of the Major Subsidiary. ➢ The rest have been verified in accordance with the independence requirements listed in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements. 	0
<p><i>Independent Director</i> Chau-Chin Su</p>	<p>Doctor of Philosophy, University of Wisconsin-Madison, USA Professor, Electrical and Computer Engineering, National Yang Ming Chiao Tung University Mr. Chau-Chin Su, the independent director, is a scholar. His academic research fields include microelectronics, ultra-large integrated circuits, integrated circuit testing and computer-aided design. He provides the BoD with important information such as cross-disciplinary professional knowledge and forward-looking trends in technological development, and advice on the medium and long-term operational perspectives and directions of the enterprise.</p>	<ul style="list-style-type: none"> ➢ According to the Company's "Memorandum and Articles of Association" and the "Corporate Governance Best Practice Principles", directors are selected by the candidate nomination system. During the nomination and selection of board members, the Company has obtained the written statement, work experience, current incumbency certificate, and kinship table provided by each director to verify and confirm the independence of themselves, their spouses and their relatives within the third degree kinship to the Company. The Company has also verified that the 3 independent directors are in compliance with the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities 	0

Criteria	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<i>Independent Director</i> Yung-Tsai Chen	Master of Business Management, Tatung University Dept. of Accounting, SooChow University Independent Director Yung-Tsai Chen has experience in foreign investment banks, and has unique professional insights in the banking and financial fields. With his professional and sensitive financial market analysis in the BoD, he gives advice and shares on the financial decision of the Group.	and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure. In addition, independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	0
<i>Independent Director</i> Jesadavat Priebjrivat	Master of Business Administration, New York University USA Master of Engineering Administration, The George Washington University, USA Mr. Jesadavat Priebjrivat is currently the Chairman of Gratitude Infinite Public Co. Ltd., which is listed on the Stock Exchange of Thailand. He is also a member of the BoD of XSpring Capital Public Co. Ltd. and Sansiri Public Co. Ltd. With the experience of being chief financial officer, professional management manager, managing director of investment management and the President and Lecturer of Thammasat University in Thailand, he has provided the BoD a multi-faceted experience exchange of Thailand.		0

Director Diversity and Independence :

Diversity of board members

The composition of the board of directors is determined with professional background, gender, age and education taken into consideration and also diversified for the purpose of complementation to increase the overall capacity of the board. Proceed in accordance with paragraph 3 of Article 20 of the Company's " Principle of Corporate Governance" , the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing and technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (1) The ability to make judgments about operations.
- (2) Accounting and financial analysis ability.
- (3) Business management ability.
- (4) Crisis management ability.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Leadership
- (8) Decision-making ability.

The Company's director diversity policy management goal is to elect four independent directors in the sixth session and including one female independent director, to achieve the Company's goal of increasing the number of independent directors and adding one seat of female independent director.

The current board of directors consists of 10 directors, including 3 independent directors. The members have extensive experience and expertise in the fields of finance, business and management. Please refer to the following table for details:

Diversified Core Items Name	Basic requirements					Professional background		Professional knowledge and skills			
	Nationality	Gender	Also as Employees	Age	the Tenure of Independent Directors	Bank	Securities	Accounting & Finance	Industry Experience	Marketing	Risk Management
Shu-Mu Wang	R.O.C.	Male	v	62	-			v	v	v	v
Jui-Hsiang Chou	R.O.C.	Male	v	62	-			v	v	v	v
Yung-Yuan Cheng	R.O.C.	Male	v	63	-				v		v
Shun-Chung Lee	R.O.C.	Male	v	52	-				v	v	
Sen-Tien Wu	R.O.C.	Male	v	53	-	v		v	v	v	v
Somkiat Krajangjaeng	Thailand	Male	v	60	-				v		
Tu-Chuan Chen	R.O.C.	Male	v	61	-				v		
Chau-Chin Su	R.O.C.	Male		66	6				v		

Diversified Core Items Name	Basic requirements					Professional background		Professional knowledge and skills			
	Nationality	Gender	Also as Employees	Age	the Tenure of Independent Directors	Bank	Securities	Accounting & Finance	Industry Experience	Marketing	Risk Management
Yung-Tsai Chen	R.O.C.	Male		61	6	√	√	√	√	√	
Jesadavat Priebjivat	Thailand	Male		65	11		√	√	√	√	√

Independence of the Board of Directors

All of the candidates for the Board of Directors are nominated by adopting the candidate nomination system and qualified for review in accordance with Memorandum and Articles of Association of Company and in conformed to "Rules for Election of Directors" and "Principle of Corporate Governance" to ensure the diversify and independence of BoD member.

In the Fifth session of the board member, foreign directors account for 18%, independent directors account for 27%. None of the directors are spouses or relatives within the second degree of kinship, which complies with the provisions of Article 26-3 Items 3 and 4 of the Securities and Exchange Act.

3.2.2 General managers, vice general managers, senior managers and heads of departments and branch of Apex and main operating office

Mar. 26, 2022; unit: share; %

Title/ Name	Nationality	Gender	On-board date (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions
				Shares	%	Shares	%	Shares	%			Title/Name/Relation
Chairman & APT Chief Strategy officer Shu-Mu Wang	R.O.C.	Male	2002.06.01	1,164,371	0.61	0	0.00	0	0.00	Dept. of Business Mathematics, SooChow University Chairman, Apex International Co., Ltd.	Chairman, Apex Circuit(Thailand) Co., Ltd. Chairman, Approach Excellence Trading Ltd. Chairman, Shye Feng Enterprise (Thailand) Co., Ltd.	None

Title/ Name	Nationality	Gender	On-board date (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions
				Shares	%	Shares	%	Shares	%			Title/Name/Relation
General Manager & APT Chief Executive Officer Jui-Hsiang Chou	R.O.C.	Male	2006.05.02	833,427	0.44	0	0.00	0	0.00	Dept. of International Business and Trade, Aletheia University Director, Apex International Co., Ltd.	Director, Apex Circuit (Thailand) Co., Ltd. Director, Shye Feng Enterprise (Thailand) Co., Ltd.	None
APT Executive Vice President Yung-Yuan Cheng	R.O.C.	Male	2007.05.21	645,166	0.34	0	0.00	0	0.00	Dept. of Applied Sciences Electronic Engineering, National Kaohsiung University Director, Apex International Co., Ltd. Chief Procurement Officer & Chief Operating Officer, Apex Circuit (Thailand) Co., Ltd.	None	None
APT Chief Technology Officer Tu-Chuan Chen	R.O.C.	Male	2012.04.30	300,000	0.16	0	0.00	0	0.00	Dept. of Education Industrial Education, National Changhua University Director, Apex International Co., Ltd.	None	None
APEX Chief Financial Officer Shou-Hua Hsu	R.O.C.	Male	2012.08.01	0	0.00	30,000	0.02	0	0.00	Dept. of Public Finance, National Chengchi University Graduate Institute of Public Finance, National Chengchi University Chief Finance Officer & Chief Accounting Officer, Apex Circuit (Thailand) Co., Ltd.	Chief Financial Officer, Shye Feng Enterprise (Thailand) Co., Ltd.	None
Chief Strategy Officer & Vice President Sen-Tien Wu	R.O.C.	Male	2013.08.01	0	0.00	0	0.00	0	0.00	Dept. of Banking, National Chengchi University Director, Apex International Co., Ltd.	None	None
APT Chief Business Officer & Vice President Shun-Chung Lee	R.O.C.	Male	2013.09.23	0	0.00	157,683	0.08	0	0.00	Dept. of Business Administration, National Chengchi University Director, Apex International Co., Ltd.	Chief Business Officer, Shye Feng Enterprise (Thailand) Co., Ltd.	None
Senior Manager & APT Chief Procurement Officer Hsin-Wang Yang	R.O.C.	Male	2010.02.01	0	0.00	0	0.00	0	0.00	Dept. of Land Economics, National Chengchi University Audit Managerial Personnel, Apex International Co., Ltd.	Chief Procurement Officer, Shye Feng Enterprise (Thailand) Co., Ltd.	None

Title/ Name	Nationality	Gender	On-board date (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions
				Shares	%	Shares	%	Shares	%			Title/Name/Relation
APT Chief Manufacture Planning Officer Li-Yuan Kuo (Note 3)	R.O.C.	Male	2018.01.01	0	0.00	0	0.00	0	0.00	Soochow University Master of Law Senior Manager, Apex International Co., Ltd. Chief Legal Officer, Apex Circuit (Thailand) Co., Ltd.	None	None
APT Chief Procurement Officer Chun-Lung Huang	R.O.C.	Male	2013.09.01	0	0.00	0	0.00	0	0.00	Dept. of Business and Trade, Shih Chien University Chief Manufacture Planning Officer & Vice President, Apex Circuit (Thailand) Co., Ltd. Business Deputy Manager, Tripod Technology Corporation	None	None
APEX Accounting Officer Jiun-Ting Lin (Note 5)	R.O.C.	Male	2020.01.01	0	0.00	0	0.00	0	0.00	Dept. of Accounting, Soochow University Master of Business Administration, National Dong Hwa University Financial manager, Shye Feng Enterprise (Thailand) Co., Ltd. Senior Manager, Apex Circuit (Thailand) Co., Ltd.	None	None
APT Vice President Sarawuth Kruthkaew	Thailand	Male	2002.02.09	0	0.00	0	0.00	0	0.00	Dept. of Public administration, Ramkhamhaeng University, Thailand	None	None
APT Vice President Somma Phuengmi	Thailand	Male	2002.06.01	0	0.00	0	0.00	0	0.00	Dept. of Electrical Engineering, Southeast Asia University, Thailand.	Manufacturing Vice President, Shye Feng Enterprise (Thailand) Co., Ltd.	None
APT Vice President Theptat Intaratat	Thailand	Male	2005.05.16	0	0.00	0	0.00	0	0.00	Dept. of Bachelor degree in Accountancy, Kasetsart University, Thailand Vice President, Cost & MIS, Apex Circuit (Thailand) Co., Ltd.	None	None

Note 1: On-board date means the official date joining Apex.

Note 2: President or someone with an equivalent job responsibility, (i.e. the highest ranking manager of the Company) and Chairman are not the same person, in a marital relationship with each other, or within one degree of consanguinity.

Note 3: Position of this staff was changed from Chief Legal Officer of APT into Chief Manufacture Planning Officer of APT on Mar. 01, 2022 due to the subsidiary of the Group made an internal organization adjustment.

Note 4: Position of this staff was changed from Chief Manufacture Planning Officer of APT into Chief Procurement Officer of APT on Mar. 01, 2022 due to the Group made an internal organization adjustment.

Note 5: Position of this staff was changed from Accounting Department Senior Manager of APT into Accounting Officer of APEX on June 01, 2021 due to the Group made an internal organization adjustment.

3.3 Remuneration of Directors, General Managers and Vice Presidents

3.3.1 Remuneration Paid to Directors and Independent Directors

Unit: NT\$ thousand; %

Title/Name	Remuneration								Total Remuneration (A+B+C+D), and to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Total Compensation (A+B+C+D+E+F+G), and to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company		
	Base Compensation (A)		Severance Pay and Pensions (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Cash	Stock	Cash	Stock		Apex	All Consolidated Entities
Directors	Chairman Shu-Mu Wang																				
	Director Jui-Hsiang Chou																				
	Director Yung-Yuan Cheng																				
	Director Shun-Chung Lee																				
	Director Sen-Tien Wu	0	0	0	0	0	0	0	0	0	3,425	21,033	0	0	0	0	0	0	3,425	21,033	None
	Director Somkiat Krajangjaeng								0.00%	0.00%									0.25%	1.53%	
	Director Tu-Chuan Chen																				
Director Chao-Ting Lin (Resigned on Sep. 30, 2021)																					
Independent Director	Independent Director Chau-Chin Su																				
	Independent Director Yung-Tsai Chen	2,361	2,885	0	0	1,080	1,080	0	0	3,441	3,965	0	0	0	0	0	0	0	3,441	3,965	None
	Independent Director Jesadavat Priebjrivat																				

1. Directors and Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The Company's remuneration for directors (including independent directors) is set out in Article 34 of the Company's articles of association. The articles of association are approved by the Shareholders' Meeting and authorizes the Board of Directors to include the directors (including Independent Directors) in the Company's operation participation and contribution value, implementation of the core value of the Company and ability of management, financial and business performance, continuing education as well as the range adopted among competitors; the remuneration of directors (including independent directors) shall be not more than 2% in accordance with Article 56.1 of the Company's articles of association.

2. Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. parent company/all consolidated entities/ providing consulting services as a non-employee of the investee) to Apex and all consolidated entities in the financial statements for the most recent year: None

Remuneration Table

Remuneration for Directors of Apex and All Consolidated Entities	Names of Directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	Apex	All Consolidated Entities	Apex	All Consolidated Entities
Under NT\$ 1,000,000	Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Tu-Chuan Chen, Chao-Ting Lin*, Yung-Tsai Chen, Sen-Tien Wu, Somkiat Krajangjaeng	Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Tu-Chuan Chen, Chao-Ting Lin*, Yung-Tsai Chen, Sen-Tien Wu, Somkiat Krajangjaeng	Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Tu-Chuan Chen, Chao-Ting Lin*, Yung-Tsai Chen, Somkiat Krajangjaeng	Yung-Tsai Chen
NT\$1,000,000(incl.) ~ NT\$2,000,000(excl.)	Chau-Chin Su, Jesadavat Priebjrivat	Chau-Chin Su, Jesadavat Priebjrivat	Chau-Chin Su, Jesadavat Priebjrivat	Shu-Mu Wang, Shun-Chung Lee, Chau-Chin Su, Chao-Ting Lin*, Somkiat Krajangjaeng, Jesadavat Priebjrivat
NT\$2,000,000(incl.) ~ NT\$3,500,000(excl.)	-	-	Sen-Tien Wu	Sen-Tien Wu, Yung-Yuan Cheng
NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.)	-	-	-	Jui-Hsiang Chou, Tu-Chuan Chen
NT\$5,000,000(incl.) ~ NT\$10,000,000(excl.)	-	-	-	-
NT\$10,000,000(incl.) ~ NT\$15,000,000(excl.)	-	-	-	-
NT\$15,000,000(incl.) ~ NT\$30,000,000(excl.)	-	-	-	-
NT\$30,000,000(incl.) ~ NT\$50,000,000(excl.)	-	-	-	-
NT\$50,000,000(incl.) ~ NT\$100,000,000(excl.)	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	11	11	11	11

* Mr. Chao-Ting Lin resigned on September 30, 2021.

3.3.2 Remuneration of general managers and vice general managers

Unit: NT\$ thousand; %

Title/Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses, and Allowances (C)		Employee Compensation (D)				Ratio of Total of A+B+C+D, and to Net After-tax Profit (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company
	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex	All Consolidated Entities	Apex		All Consolidated Entities		Apex	All Consolidated Entities	
							Cash	Stock	Cash	Stock			
Chairman Shu-Mu Wang													
General Manager Jui-Hsiang Chou													
CFO Shou-Hua Hsu													
CSO Sen-Tien Wu													
APT Executive Vice President Yung-Yuan Cheng													
APT CBO Shun-Chung Lee													
APT CTO Tu-Chuan Chen													
APT COO Chao-Ting Lin (Resigned on Sep. 30, 2021)	6,899	25,512	0	0	2,054	17,958	0	0	0	0	8,953 0.65%	43,470 3.15%	None
APT CPO Hsin-Wang Yang													
APT CLO Li-Yuan Kuo													
APT CMPO Chun-Lung Huang													
APT Vice President Somkiat Krajangjaeng													
APT Vice President Sarawuth Kruthkaew													
APT Vice President Somma Phuengmi													
APT Vice President Theptat Intaratat													

Remuneration Table

Remuneration for General Managers and Vice General Managers of Apex and All Consolidated Entities	Names of General Managers and Vice General managers	
	Apex	Consolidated Entities
Under NT\$ 1,000,000	Jui-Hsiang Chou, Shun-Chung Lee, Chun-Lung Huang	-
NT\$1,000,000(incl.) ~ NT\$2,000,000(excl.)	Shou-Hua Hsu, Hsin-Wang Yang, Li-Yuan Kuo	Shu-Mu Wang, Shun-Chung Lee, Sarawuth Kruthkaew, Chao-Ting Lin*, Somkiat Krajangjaeng
NT\$2,000,000(incl.) ~ NT\$3,500,000(excl.)	Sen-Tien Wu	Yung-Yuan Cheng, Sen-Tien Wu, Shou-Hua Hsu, Hsin-Wang Yang, Li-Yuan Kuo, Sommai Phuengmi
NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.)	-	Jui-Hsiang Chou, Du-Chuan Chen, Chun-Lung Huang, Theptat Intaratat
NT\$5,000,000(incl.) ~ NT\$10,000,000(excl.)	-	-
NT\$10,000,000(incl.) ~ NT\$15,000,000(excl.)	-	-
NT\$15,000,000(incl.) ~ NT\$30,000,000(excl.)	-	-
NT\$30,000,000(incl.) ~ NT\$50,000,000(excl.)	-	-
NT\$50,000,000(incl.) ~ NT\$100,000,000(excl.)	-	-
Over NT\$100,000,000	-	-
Total	7	15

* Mr. Chao-Ting Lin resigned on September 30, 2021.

3.3.3 Names of managers receiving employee bonuses and amounts: Apex did not distribute employee bonuses.

3.3.4 Analysis of ratios of the total remuneration for directors, general managers and vice general managers of Apex and all the companies listed in the consolidated financial statement to the net after-tax profit in the last two years:

Unit: NT\$ thousand; %

Item Year	Directors				General Managers and Vice General Managers			
	Apex		All Consolidated Entities		Apex		All Consolidated Entities	
	Total remuneration	Ratios of the net profit after tax	Total remuneration	Ratios of the net profit after tax	Total remuneration	Ratios of the net profit after tax	Total remuneration	Ratios of the net profit after tax
2020	5,679	0.47	29,315	2.45	7,020	0.59	45,405	3.79
2021	6,866	0.50	24,998	1.81	8,953	0.65	43,470	3.15

Correlations of remuneration payment procedures with management performance and future risk:

The remuneration for directors (including independent directors) is specified in Article 34 of Apex's company charter and the Shareholders' Meeting has given approval and authorized the board of directors to establish the criteria according to the directors' participation in company operations and contributions, implementation of the core value of the Company and ability of management, financial and business performance, continuing education as well as range adopted among competitors. The general managers and vice general managers run company operations according to the instructions of the board of directors; their appointment, dismissal and remuneration are conducted in accordance with the Company charter. As for the reward system, it is implemented according to the business development of Apex and its affiliates with the approval of the Shareholders' Meeting.

Apex's operating performance, future business fluctuations and likely operation, transaction and financial risks in the future are also taken into account when the remuneration for directors (including independent directors), general managers and vice general managers in Apex is determined.

3.4 Corporate Governance Status

3.4.1 Board of Directors

The Board held 8 meetings in 2021. The attendance of the directors specified as below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Chairman	Shu-Mu Wang	8	0	100.0%	2019.06.05 Re-appointed
Director	Jui-Hsiang Chou	8	0	100.0%	2019.06.05 Re-appointed
Director	Yung-Yuan Cheng	7	1	87.5%	2019.06.05 Re-appointed
Director	Shun-Chung Lee	8	0	100.0%	2019.06.05 Re-appointed
Director	Sen-Tien Wu	8	0	100.0%	2019.06.05 Re-appointed

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Director	<i>Somkiat Krajangjaeng</i>	8	0	100.0%	2019.06.05 Re-appointed
Director	<i>Tu-Chuan Chen</i>	8	0	100.0%	2019.06.05 Newly appointed
Director	<i>Chao-Ting Lin</i>	6	0	100.0%	2021.09.30 Resigned
Independent Director	<i>Chau-Chin Su</i>	8	0	100.0%	2019.06.05 Re-appointed
Independent Director	<i>Yung-Tsai Chen</i>	8	0	100.0%	2019.06.05 Re-appointed
Independent Director	<i>Jesadavat Priebjrivat</i>	7	1	87.5%	2019.06.05 Re-appointed

Other information to be recorded:

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: The Article 14-3 of the Securities and Exchange Act is not be applicable because the Company has established the Audit Committee. For relevant information, please refer to the "The state of operations of the Audit Committee" in this Annual Report.
- (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Meeting Date (Sessions)	Resolution	The Contents of the Motion	The Reasons for the Avoidance of Benefits and the Circumstances of the Voting
202.03.03 (the 15 th Meeting of Fifth Session)	● 2020 annual distribution of earning of the Company	<i>Chau-Chin Su</i> <i>Yung-Tsai Chen</i> <i>Jesadavat Priebjrivat</i>	Director recused himself from the discussion and voting related to their benefit
2020.03.03 (the 15 th Meeting of Fifth Session)	● The proposal of subsidiary APT granting bonus to Directors	<i>Jesadavat Priebjrivat</i>	Director recused himself from the discussion and voting related to their benefit
2020.07.02 (the 19 th Meeting of Fifth Session)	● Adjustment to Independent director and Remuneration Committee member's remuneration	<i>Chau-Chin Su</i> <i>Yung-Tsai Chen</i> <i>Jesadavat Priebjrivat</i>	Director recused himself from the discussion and voting related to their benefit
2021.12.17 (the 22 nd Meeting of Fifth Session)	● The result of Group managerial officers' performance evaluation in 2021 as well as the annual bonus plan	<i>Shu-Mu Wang</i> <i>Jui-Hsiang Chou</i> <i>Yung-Yuan Cheng</i> <i>Sen-Tien Wu</i> <i>Shun-Chung Lee</i> <i>Tu-Chuan Chen</i> <i>Somkiat Krajangjaeng</i>	Director recused himself from the discussion and voting related to their benefit

Meeting Date (Sessions)	Resolution	The Contents of the Motion	The Reasons for the Avoidance of Benefits and the Circumstances of the Voting
2021.12.17 (the 22 nd Meeting of Fifth Session)	<ul style="list-style-type: none"> The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2022 	<i>Shu-Mu Wang</i> <i>Chau-Chin Su</i> <i>Yung-Tsai Chen</i> <i>Jesadavat Priebjivat</i>	Director recused himself from the discussion and voting

3. Information of self-evaluations (or peer evaluations) by the Board of Directors:
Implementation situation of the board performance evaluation

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2020.12.01 to 2021.11.30	Individual Board Members	Self-Evaluation of Board Members	<ul style="list-style-type: none"> Mastery of company goals and tasks Acknowledged the Directors' responsibilities Participation in the operation of the company Internal relationship management and communication Director's professional and continuing education Internal control
Once a year	2020.12.01 to 2021.11.30	The Board of Directors as a Whole	Internal Evaluation	<ul style="list-style-type: none"> Participation in the operation of the Company The decision-making quality of the board of directors Composition and structure of board of directors Selection of directors and continuing education Internal control
Once a year	2020.12.01 to 2021.11.30	Each Functional Committee	Internal Evaluation	<ul style="list-style-type: none"> Participation in the operation of the company Acknowledged the responsibilities of functional committee The decision-making quality of the functional committee Composition of the functional committee and selection of members Internal control

4. Assessment of the objectives and execution of board of director function enhancement (e.g. establishment of the audit committee, enhance information transparency) in the current year and recent years:

- (1) The Company has already established the Audit Committee and the Remuneration Committee. The list of relevant personnel and the state of operation, please refer to the state of operations of the Audit Committee and the state of operations of the Remuneration Committee.

(2) Attendance of Board of Directors of independent directors in 2021:

●:Attend in person ▲:Attend by Proxy

Meeting Date Name	2021. 03.03	2021. 05.10	2021. 05.31	2021. 06.10	2021. 07.02	2021. 08.19	2021. 11.10	2021. 12.17
<i>Chau-Chin Su</i>	●	●	●	●	●	●	●	●
<i>Yung-Tsai Chen</i>	●	●	●	●	●	●	●	●
<i>Jesadavat Priebjrivat</i>	●	●	●	●	●	●	▲	●

3.4.2 The state of operations of the Audit Committee

The responsibility of the Audit Committee is to assist the board of directors in supervision of company operations as well as execution of the duties specified in the Company Act, Securities and Exchange Act and other related regulations. The functions and annual work plan of the committee include examining the Company's financial statements, auditing company operations and accounting policies and procedures, reviewing the Company's internal control system, evaluating transactions of important assets or derivative products, loans of funds, endorsements, or provision of guarantees of a material nature, fund raising or securities issuance, appointment, dismissal of accountants and their remuneration, appointment and dismissal of financial, accounting or internal audit officer and matters in which a director is an interested party.

The Audit Committee has the right to perform justifiable audits and investigations within its responsibility. It is given the authority to make direct contact with the Company's internal auditors, CPAs and employees. The committee is formed by the three independent directors. Please refer to the following paragraph for the operating situation of the year.

The Audit Committee held 6 meetings in 2021. The attendance of the independence directors specified below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Independent Director	<i>Chau-Chin Su</i>	6	0	100.0%	2019.06.05 Re-appointed
Independent Director	<i>Yung-Tsai Chen</i>	6	0	100.0%	2019.06.05 Re-appointed
Independent Director	<i>Jesadavat Priebjrivat</i>	5	1	83.3%	2019.06.05 Re-appointed

Other information to be recorded:

1. If any of the following circumstances occur, the Audit Committee's dates of meetings, sessions, contents of motion, the independent directors' objections, reservations or major recommendations, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Dates of the meetings (Sessions)	The contents of the motion	Resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion
2021.03.03 (the 13th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● 2021 CPA-audited and certified financial report and audit fee process by KPMG ● 2020 Annual Operation Report and Consolidated Financial Statements ● 2020 annual distribution of earning of the Company 	The proposal be and hereby were accepted as proposed unanimously by all independent directors, and were also accepted as proposed unanimously by Board of Directors afterwards.

Dates of the meetings (Sessions)	The contents of the motion	Resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion
2021.03.03 (the 13th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● To issue 2020 Statement of Internal Control System ● Amendment to the " Rules and Procedures of Shareholders' Meeting", " Procedures for Election of Directors" and " Procedures for Lending Funds to Other Parties" of the Company 	The proposal be and hereby were accepted as proposed unanimously by all independent directors, and were also accepted as proposed unanimously by Board of Directors afterwards.
2021.05.10 (the 14th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● The Company's Q1 2021 Consolidated Financial Statements 	Same as above.
2021.05.31 (the 15th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● The change of Accounting Officer 	Same as above.
2021.08.19 (the 16th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● Q2 2021 Consolidated Financial Statements ● The proposal to approve the application of credit line with Bank SinoPac 	Same as above.
2021.11.10 (the 17th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● Q3 2021 Consolidated Financial Statements ● Amendment to the "Procedures for Endorsement and Guarantee" of the Company ● The proposal to approve the application of credit line with banks (Mega Bank & KGI Bank) 	Same as above.
2021.12.17 (the 8th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● The proposal to approve the application of credit line with banks (First Commercial Bank) ● 2022 Annual Audit Plan ● 2022 Annual Operating Plan and Budget 	Same as above.

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors : None

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified : None

3. Communications between the independent directors, the company's internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) In addition to providing audit reports (or tracking reports) to be reviewed by Audit Committee members in the month following completion of items to be audited (or to be tracked) and attending board of directors meetings to report results of audit operations, the internal audit director is also required to report to Audit Committee members on the results of annual audit operations and self-inspections of the internal control system to make sure the Audit Committee members have no objection.

(2) If necessary, Audit Committee members will exchange ideas with accountants on the Company's financial status.

3.4.3 Corporate governance practices and their differences from the practices specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
1. Does Company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	v		Apex has established its corporate governance best practice principles. After approval of the board of directors, they have been posted on the corporate governance web page on the Company website.	No major difference
2. Shareholding Structure & Shareholders' Rights				
(1) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	v		(1) Apex has established regulations on shareholder services operations to serve as the guidelines in the internal control system for processing shareholder inquiries and matters in relations to shareholders' rights and interests; at the same time, there is a spokesperson to provide prompt replies to different questions from shareholders.	No major difference
(2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	v		(2) Apex has the monitored lists and also files the shareholding status of the principal shareholders each month as regulated.	No major difference
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	v		(3) The division of management authority, contact and transactions between Apex and its subsidiaries and affiliates are all conducted according to the regulations of the internal control system and related operating procedures.	No major difference
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	v		(4) Apex has established regulations on prevention of insider trading and also regularly reminds company personnel such conduct is prohibited.	No major difference
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been	v		(1) The composition of the board of directors is determined with professional background, gender, age and education taken into consideration and also diversified	No major difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
implemented accordingly?			<p>for the purpose of complementation to increase the overall capacity of the board.</p> <p>Apex incorporated a board diversity policy in Chapter 3, "Strengthening Board Function", of "Principle of Corporate Governance", which was amended by the BOD. Board diversity including but not limited to the following two standards:</p> <p>A. Basic conditions and values: gender, age, nationality and culture.</p> <p>B. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>Board members should generally have the knowledge, skills and literacy necessary to perform their duties, and their overall abilities should be as follows</p> <p>(A) Abilities of Making Operational Judgments (B) Abilities of accounting and financial analysis (C) Conduct Management Administration (D) Risk Management Knowledge and Skill (E) Knowledge of the Industry (F) International Market Perspective (G) Leadership (H) Decision-making</p> <p>All of the candidates for the Board of Directors are nominated by adopting the candidate nomination system and qualified for review in accordance with Memorandum and Articles of Association of Company</p>	

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			and in conformed to "Rules for Election of Directors" and "Principle of Corporate Governance" to ensure the diversify and independence of BOD member. In the Fifth session of the board member, foreign director account for 18%, independent director account for 27%. Apex focus on the professional knowledge and skills of directors. All directors of Fifth session possess knowledge of the industry and international market perspective. Directors <i>Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Sen-Tien Wu, Tu-Chuan Chen, Shun-Chung Lee</i> and <i>Somkiat Krachangjang</i> possess abilities to make operational judgments and conduct management administration and risk management knowledge and skills and Leadership. Directors <i>Shu-Mu Wang, Jui-Hsiang Chou, Sen-Tien Wu, Jesadavat Priebjivat</i> and <i>Yung-Tsai Chen</i> possess abilities to perform accounting and financial analysis. In addition, Apex also pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is 5% or more. It is expected that one female director be added to the sixth session of board of directors to achieve the goal.	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	v		(2) In addition to the Remuneration Committee and the Audit Committee, committees of other functions will be created in accordance with the Company's business development and related regulations.	No major difference
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported	v		(3) Apex has established regulations on evaluation of the performance of the board of directors and the approaches of evaluation and performance evaluation	No major difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
<p>the results of performance to the Board of Directors, and used the results as reference for directors' remuneration and renewal?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	v		<p>will be conducted accordingly annually. The annual performance evaluation will be reported to the board of directors at the end of each year, and will be used as a reference for continuous strengthening of the functions of the board. Please refer to the Company's official website for the evaluation results.</p> <p>(4) The Company evaluates the independence of CPAs annually. 2021 Assessment of performance and independence of certified public accountant had been approved by Audit Committee and Board of Directors on Mar. 03, 2021. The Company's Accounting Department has assessed and confirmed that accountants Min-Ju Chao and Chun-Shiu Kuang of KPMG meet the independence standards of the Company and are qualified to be the Company's CPA. Regarding the evaluation criteria for the independence of accountants in 2021, please refer to 8.5.3 "To review the independence of the CPA periodically and the items of evaluation".</p>	No major difference
<p>4. Does the Company appoint competent and appropriate corporate governance personnel and Corporate Governance Officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording</p>	v		<p>Apex has set up a Corporate Governance Team and has resolved to designate Chief Strategy Officer (CSO) to be the Chief Corporate Governance Officer (CGO), by the board of directors on Jul.15, 2019. CSO has management experience in finance for public companies over three years. CGO is responsible for matters regarding Corporate Governance, produce documents including the meeting minutes of Board and AGM, arrange annual educational courses for directors and to provide directors with the data required for carrying out their duties and the information</p>	No major difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
minutes of board meetings and shareholders' meetings)?			<p>regarding the latest legal developments related to organizational operations to help directors achieve legal compliance. The Corporate Governance Evaluation Team, CSR Team, Ethical Corporate Management Team will also assist with the relevant corporate governance affairs. The following describes the 2021 performance of the governance team:</p> <p>(1) Arrange related matters to the Board of Directors and Annual General Meeting in accordance with the law. Produce documents including the meeting minutes of Board and AGM Prepare the agenda for meetings; inform directors to convene meetings before 7 days; provide directors with meeting-related data and issues; remind directors of the avoidance of conflicts of interest, if necessary; and issue the minutes of meetings within 20 days after each meeting.</p> <p>(2) Arrange annual educational courses for directors: The new and current directors have already finished the educational courses in compliance with the law on 2021.</p> <p>(3) Provide directors with the data required for carrying out their duties.</p> <p>(4) Provide the information regarding the latest legal developments related to organizational operations to help directors achieve legal compliance:</p> <p>A. Confirm whether the AGM and the Board of Directors is in compliance with relevant laws and corporate governance codes.</p> <p>B. Assist the directors in complying with laws and regulations when carrying out business or making</p>	

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>formal decisions of the board of directors.</p> <p>C. After the meeting, check the release of important information of important resolutions of the board of directors to ensure the legality and correctness of the content of the important information.</p> <p>CGO conducts regular training every year. For the 2021 year of training, please refer to 8.5.2 "Continuing education and training of directors and management in 2021".</p> <p>The Corporate Government Team under BOD meeting is in charge of corporate government, corporate social responsibility and ethical affairs. Each December of year, the team will directly report to BOD meeting about the implement and the plan of next year.</p>	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	v		Apex has set up a customer service office and designated spokesperson to communicate with stakeholders. The summary of the response and measure of the Company with stakeholders and the contact information is disclosed on the Company website for stakeholders.	No major difference
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	v		Apex has commissioned a professional shareholder services agent to handle the affairs of the shareholders' meeting.	No major difference
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	v		(1) Apex has set up a company website to disclose information about various financial operations and corporate governance.	No major difference
(2) Does the Company use other information	v		(2) Apex already set up English website. Questions in relation	No major difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
<p>disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the monthly operating results before the prescribed period in accordance with the law and regulations?</p>		v	<p>to Apex are replied by the spokesperson or the deputy spokesperson and related departments and the spokesperson or deputy spokesperson are in charge of collecting and disclosing company information. For instance, information on investor conferences is posted on the Company website and the Market Observation Post System.</p> <p>(3) From 2022, the Company has announced and reported the annual financial report within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial report as well as the monthly operation results before the prescribed period in accordance with the law and regulations.</p>	No major difference
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?</p>	v		<p>(1) Employee Rights and interests and employee care:</p> <p>A. Employment equality: Job seekers and employees are treated equally, regardless of their gender, ethnic background, religion, political affiliation or marital status and employment of child labor is forbidden. Pregnant employees are given provisions and longer breaks.</p> <p>B. Besides conducting physical checkups for employees regularly, the Company values the health and safety conditions in the work environment for employees and has passed the Occupational Health & Safety Adversary Services certification ISO 45001 and the External Audit Certification of the Environment Management System ISO 14001.</p>	No major difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>C. The Employee Welfare Committee organizes at least one activity for whole employee each year and also a welcoming party for new employees each month. The head of each department is invited to participate and interactive games are played to upgrade employees' sense of belonging and engagement (during the Covid-19 pandemic period, frequency was adjusted depends on pandemic situation).</p> <p>D. Recruiting blind people come to factory to provide massage service for Apex employee each month. It can provide job to blind people and relax the working pressure of Apex employee as well (during the Covid-19 pandemic period, frequency was adjusted depends on pandemic situation).</p> <p>(2) Relations with investors: Apex has complied with the Article 13 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to designate personnel dedicated to handling shareholder proposals, inquiries, and disputes. Apex also set up a Chinese and English websites to provide stakeholders an easy access to information. According to the Corporate Governance Principles provided by the competent authority, the Company's website needs to disclose information as follows (Apex has already disclosed):</p> <p>A. Disclose information such as the Article of the Company and corporate governance.</p> <p>B. Relevant information of the shareholders' meeting (including at least the latest annual report of annual general meeting, notice of meeting, Annual General</p>	

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>Meeting Handbook and Annual General Meeting Minutes).</p> <p>C. Disclose the Company profile, including at least the Company's history, the products or services provided, the organization, and the management team.</p> <p>D. Information of major shareholders (including the shareholder's or shareholding ratio of more than 5% of the shareholder's share of the top ten shareholder name, shareholding amount and proportion).</p> <p>In addition, the Company's website needs to set up a stakeholders section (which Apex has already set up) to understand and respond to important corporate social responsibility issues of concern to stakeholders.</p> <p>(3) Relations with suppliers: The main operating office of Apex has built up close relationships with suppliers and both sides reciprocate based on mutual trust to bring the win-win policy to realization.</p> <p>(4) Rights of stakeholders: Apex maintains smooth communication channels with correspondent banks, employees, customers and suppliers and also respects and sustains their rights and interests.</p> <p>(5) Continuing education pursued by directors and managerial personnel: Please refer to 8.5.2 "Continuing education and training of directors and management in 2020" for details.</p> <p>(6) Implementation of risk management policy and risk assessment criteria: Please refer to 7.6 "Risks" for details.</p> <p>(7) Execution of customer policy: Apex has set up a customer service department and a permanent</p>	

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>customer service window to process customer complaints and communicate and understand the needs of customers in order to make improvements. Also, customer satisfaction surveys are administered through regular visits and irregular contact. Adjustments are then made according to the survey results so that the Company can continue to provide the best service to customers.</p> <p>(8) Enrollment of liability insurance for directors: Since 2012, Apex has taken directors' and officers' liability insurance. The insured amount in 2021 was US \$10 million.</p> <p>(9) Acquisition of required certificates by personnel associated with financial information transparency: Two certified public accountants in Thailand.</p>	
<p>9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange: According to the categories and requirements of the Corporate Governance Evaluation held by TWSE each year, Apex proceeds self-assessment and report the performance to BoD meeting. In year 2020, Apex perform 86.04 score of the evaluation, means Apex was ranked within 6%~20% of all companies listed in TWSE. Apex has continued to handle relevant matters and measures in accordance with the internal corporate governance code regarding the results of corporate governance evaluation.</p>				

3.4.4 Remuneration Committee

The purpose of the Remuneration Committee is to assist the board of directors to execute and evaluate the overall remuneration and welfare policies and remuneration for the managerial personnel. The Remuneration Committee is composed of three members, two independent directors and a financial and accounting specialist recruited.

Members of the Remuneration Committee

Criteria Title / Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Committee Convenor Independent Director Chau-Chin Su	Please see 3.2.1.	Same as left	0
Independent Director Jesadavat Pribjrivat	Please see 3.2.1.	Same as left	0
Independent Member Yang-Tzong Tsay	Ph.D., Business Management and Commerce, University of Maryland MD, USA Master of Accounting, National Chengchi University Department of Accounting, National Taiwan University Sponsor Representative, Taiwan Institute of Ethical Business and Forensics A professional professionals who has passed the national examination for CPA and awarded a certificate Director of Graduate School of Accounting, National Taiwan University Internal Auditor USA Independent Director, Cyberlink Corp. Independent Director, Yung Zip Chemical Ind. Co., Ltd. Independent Director, Ever Ohms Technology Co., Ltd. Standing Supervisor, Taishin Holdings and Taishin Bank Research Areas: ➤ Management Accounting ➤ Management Control Systems ➤ Internal Control and Internal Audit ➤ Forensic Accounting and Fraud Audit	➤ During the 2 years before being appointed or during the term of office, there has been no violation of Article 6, paragraph 1 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". ➤ Number and proportion of shares held of the Company: 0	4

The state of operations of the Remuneration Committee

1. There are three members in the Company's Remuneration Committee.
2. Tenure of the Remuneration Committee: June 05, 2019 to June 04, 2022. The Remuneration Committee held 3 meetings in 2021 and the attendance of the committee members is as shown in the chart below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Committee Convenor	<i>Chau-Chin Su</i>	3	0	100%	2019 Re-appointed
Member	<i>Jesadavat Priebjivat</i>	3	0	100%	2019 Re-appointed
Member	<i>Yang-Tzong Tsay</i>	3	0	100%	2019 Re-appointed

Other information to be recorded:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. Resolutions of the Remuneration Committee and the Company's response to the Remuneration Committee's opinion:

Meeting Date (Sessions)	Resolution	All Remuneration Committee Members' Opinions and the Company's Response
2021.03.03 (the 5 th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● 2020 the Distribution of Employees' and Directors' Bonus ● Subsidiary APT granting bonus to Directors 	The proposal be and hereby were accepted as proposed unanimously by all Remuneration Committee Members, and were also accepted as proposed unanimously by Board of Directors afterwards.
2021.07.02 (the 6 th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● Adjustment to Independent director and Remuneration Committee member's remuneration 	Same as above.
2021.12.17 (the 7 th Meeting of Fourth Session)	<ul style="list-style-type: none"> ● Proposal to review the remuneration payment to the directors and managerial officers of the Group in year 2021. ● The result of Group managerial officers' performance evaluation in 2021 as well as the annual bonus plan ● The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2022 ● The remuneration policy and performance evaluation system toward Group managerial officers ● The working plan of the Remuneration Committee in year 2022 	Same as above.

3.4.5 The status of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
1. Does the Company set up the governance structure of sustainability development and set up a dedicated or adjunct department to promote sustainability development with authorization to senior managerial personnel from the Board and set up a monitoring system of the Board on this topic?	v		<p>1. The Company has reported drafted planning of organization of sustainability team and relative execution direction to Board on 31 March of 2022. Furthermore, the Company will keep communicating with team and following up performance in order to adjust and improve our work.</p> <p>2. To describe execution situation of each organization, include but not limited by:</p> <p>(1) In 2021, corporate governance team, energy saving team, safety team, FA team, Manufacturing team and HR team supported to promote labor security, environment protection, employee welfare, energy saving and sustainability related works.</p> <p>(2) In 2021, promotion of work of sustainability related were executed by corporate governance team (please refer to paragraph of Corporate Governance Practice) who promoted works of transparent corporate governance; safety team was organized by CEO and HR team to promote safety, anti-fire, anti-drug works etc.; welfare committee was composed by senior managerial persons to promote welfare-related works; energy saving team was composed by senior managerial persons from manufacturing department and energy saving team to promote works of saving carbon usage and energy saving projects. Those</p>	No major difference. In addition, the Company has planned the working direction of the sustainability team in the Board meeting on 31 March of 2022. Besides, we will set up a sustainability committee to promote relative works while the Company finishes re-election of the next session of directors.

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			<p>work results were reported to the Board meeting in the last month of each year.</p> <p>(3) Sustainability work was reported to Board meeting by corporate governance team in the end of 2021. At present, the corporate governance team reported annual results and summary of sustainability works to the Board meeting at the last Board meeting of the year, to communicate and exchange ideas with the Board then took it as reference of improvement and adjustment for the next year.</p>	
2. Does the Company, based on materiality principle, conduct evaluation on risks of operating environment, social and corporate governance issues? Furthermore, set up relative risk management policy or strategy?	v		Apex analyzes issues regulatory based on the international reporting preparation guidelines. It has formulated strategies and established relevant measures for risks related to environmental, social, climate change and corporate governance issues related to the Company's operations. Please refer to the "Corporate Governance", "Ethics and Integrity", "Environment Protection", "Social Investment", "Happy and Safe Workplace" and other chapters of the ESG Report on our website.	No major difference
3. Environmental Topic (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	v		(1) All environmental protection policies made by Apex's Corporate Social Responsibility Management Committee are based on different environmental regulations and the wastewater discharge inspection standards are stricter than those imposed by the Ministry of Industry of Thailand for wastewater discharge system quality control in industrial zones in order to reduce the impact of production activities on	No major difference

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Brief Explanation	
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	v		<p>the environment.</p> <p>(2) In order to achieve effective use of resources, APT factory has carried out recycling program for the city water and process Waste with sub-contractor. The results of the year 2021 are as follows:</p> <p>A. Waste Chemical:</p> <ul style="list-style-type: none"> ➤ Collect copper from the waste of 100% recycle Spent AL Etching chemical, total 1,022 tons. ➤ Discharge of wastewater from other processes after recycling, total 2.99 million cubic meters. <p>B. Water resource:</p> <p>In 2021, we keep evaluating waste water recycling projects and proceed with 1st stage engineering.</p>	
(3) Does the company assess the potential risks and opportunities climate change brings to the Company, now and in the future, and take measures to respond to climate-related issues?	v		<p>(3) Apex based on the climate risk identification list to identify and evaluate the potential risks brought by various instances of climate change in connection with the interaction between the organization's operational activities, services, and the environment. After determining whether the risks are acceptable, and then decide on the corresponding measures and relevant management methods.</p>	
(4) Does the company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	v		<p>(4) The results of the year 2021 are as follows:</p> <p>A. The Company has executed GHG calculation and will disclose relative information in ESG report.</p> <p>B. In 2021, we adjusted the layout of air-conditioners which resulted in a saving of CO2 452 tons; improvement of inverters attached to equipment resulted in saving of CO2 1,708 tons.</p>	

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Brief Explanation	
			C. Started to run 1st stage of solar roof project which was designed totally 4 stages. We expect to effectively save purchased electricity and CO2 in the next 3 years.	
4. Social Issues				
(1) Has the company established management policies and procedures in accordance with related regulations and international human rights instruments?	v		(1) The Company's working rule and regulation follow the spirit of International Human Rights laws such as International Bill of Human Rights of United Nations, Declaration on Fundamental Principles and Rights at Work of International Labour Organization, The Ten Principles of the UN Global Compact, and so on. It relates to below major concerned items: A. Elected Welfare Committee; B. Caring for vulnerable groups; C. Prohibiting the use of child labor; D. Human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status; E. Achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.	No major difference
(2) Does the company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation?	v		(2) The Company's overall remuneration includes the base salary, allowances, cash bonuses and remuneration for employees. It is based on colleagues' professional knowledge and skills, job responsibilities, performance and long-term investment, combined with the Company's operating goals, to determine their overall remuneration and specific employee benefits. The employee welfare	

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Brief Explanation	
(3) Does the company provide a safe and healthy work environment for employees and also educate employees on safety and health regularly?	v		<p>measures are as follows.</p> <p>A. Multiple shuttle bus routes providing transportation for employees to go to work and go home</p> <p>B. Employee uniforms</p> <p>C. Employee cafeterias providing three meals a day</p> <p>D. Full attendance rewards</p> <p>E. Sickness and funeral subsidies</p> <p>F. Employee loans</p> <p>G. Annual employee athletic events and parties</p> <p>H. Senior employee citations and awards</p> <p>I. Special treatment to pregnant employees</p> <p>The Company's employee remuneration and leave are superior to the government laws and regulations of each company's location, and the operating performance and results are also appropriately reflected in the employee's remuneration.</p> <p>For the complete employee welfare measures, please refer to 5.5. "Labor-Management Relations".</p> <p>(3) A. The Company obtained the certificate of ISO 14001 and ISO 45001 to ensure the safety work environment for employees.</p> <p>B. Safety consultant directly report to CEO.</p> <p>C. Based on the risk evaluation report prepared by external risk evaluation company, Allianz Risk Consultant, to implement improvement and follow up.</p> <p>D. Have its owned clinic and ambulance.</p> <p>E. Anti-drug: cooperate with the K9 team to investigate our factory.</p>	

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
(4) Has the company established effective job ability enhancement training programs for employees?	v		<p>F. Hosting regular training sessions to build a better working environment.</p> <p>G. Provide free Covid-19 vaccination to employees and set up quarantine areas.</p> <p>(4) The Human Resource Department assists the head of each department to set up annual training programs in accordance with each department's work targets and function requirements; it has also established the promotion evaluation standard for each level to ensure the Company can achieve the goal of cultivating talents, retaining talents and using talents.</p>	
(5) Does the company comply with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and complaint procedures?	v		<p>(5) Apex's product labeling and customer privacy follow the relevant regulations and international standards. It has also formulated relevant management measures for the complaint channel, as well as the reporting channel in the Company's website for stakeholders.</p>	
(6) Does the company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?	v		<p>(6) Apex's procurement department conducts supplier evaluation and audits annually and insists that all products must comply with the Responsible Business Alliance (RBA) or ISO 14001 standards so that both sides can jointly perform quality, environmental protection, and actions taken to eliminate any form of forced or compulsory labor, etc. Top 10 of Apex's suppliers have already sign the Commitment Letter to comply with the Company's social responsibility policy. If the supplier is found in violation of the Company's corporate social responsibility policy and the result in</p>	

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			significant impact on the environment and society, Apex may terminate or cancel the contract at any time.	
5. Does the company refer to internationally accepted reporting standards or guidelines when compiling reports on the Company's non-financial information such as the Corporate Sustainability Report? Have the aforementioned reports been verified or certified by a third-party verification unit?	v		Since 2016, Apex has voluntarily prepared a corporate social responsibility report, which was compiled based on internationally accepted reporting standards, FY2021 report is expected to be certified by the third-party verification unit, SGS Taiwan Ltd.	No major difference
6. If the company has established its own sustainable development best practice principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences in between: No major difference				
7. Other important information able to help the public understand the state of promotion of sustainable development:				
<p>(1) Care for the underprivileged:</p> <p>A. Set up scholarships and held open ceremonies to award scholarships and certificates of merit to children of lower-income employees of the company with outstanding academic performance.</p> <p>B. Providing job for blind people to make the massage service in factory.</p> <p>C. Held a charity fair and using its revenue to set up an employee emergency relief fund.</p> <p>D. Donating the food to vulnerable patients and prisoners.</p> <p>(2) Community activities</p> <p>A. Donate money to local temples, maintained local traditional culture and promote Apex identification to regional people.</p> <p>B. Donate medical supplies to the community and vendors nearby, motorcycle taxis, etc.</p> <p>C. Donate scholarships to elementary schools nearby.</p> <p>D. Donate medical supplies to local hospitals and hold activities for employees to donate blood.</p> <p>E. Cooperate with schools to provide internship.</p> <p>F. Donated 1 million Baht to local hospital in January of 2021.</p> <p>(3) Environmental protection</p> <p>A. Adopting environmental afforestation around the factory.</p> <p>B. Donate money to the institution of mangrove forest protection.</p>				

Evaluation Item	Current Status			Variance from the Practices Specified in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons																		
	Yes	No	Brief Explanation																			
<p>(4) Apex has passed the following certifications:</p> <p>A. Those related product quality: QS-9000, ISO-9001, ISO/TS-16949</p> <p>B. Those related to the work environment: ISO-14001</p> <table border="1"> <thead> <tr> <th></th> <th>Apex 1</th> <th>Apex 2</th> </tr> </thead> <tbody> <tr> <td>Issuance Date</td> <td>11 Oct. 2020</td> <td>28 Dec, 2019</td> </tr> <tr> <td>Expiry Date</td> <td>10 Oct. 2023</td> <td>27 Dec. 2022</td> </tr> </tbody> </table> <p>C. Those related to corporate social responsibility: TLS 8001</p> <p>D. Those related to occupational health and safety management systems: ISO 45001</p> <table border="1"> <thead> <tr> <th></th> <th>Apex 1</th> <th>Apex 2</th> </tr> </thead> <tbody> <tr> <td>Issuance Date</td> <td>31 Jan. 2020</td> <td>31 Jan. 2020</td> </tr> <tr> <td>Expiry Date</td> <td>30 Jan. 2023</td> <td>30 Jan. 2023</td> </tr> </tbody> </table> <p>E. Safety / Hazardous substance free certification: RoHS, UL</p>						Apex 1	Apex 2	Issuance Date	11 Oct. 2020	28 Dec, 2019	Expiry Date	10 Oct. 2023	27 Dec. 2022		Apex 1	Apex 2	Issuance Date	31 Jan. 2020	31 Jan. 2020	Expiry Date	30 Jan. 2023	30 Jan. 2023
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Expiry Date	30 Jan. 2023	30 Jan. 2023																				

3.4.6 Execution of ethical management and measures taken

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Has the Company formulated an ethical management policies approved by the board of directors, and clearly stated the policies and practices of ethical management, and the commitment to actively implement management policies by the board of directors</p>	v		(1) Apex has established its ethical management best practice principles as well as the corresponding operating procedures and conduct guidelines and they have been enforced after approval by the board of directors. The members of the board of directors and the management all carry out their duties without reservation	No major difference

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
<p>and the management team in the regulation, rules, and external documents?</p> <p>(2) Has the company established an evaluation mechanism for the risk of unethical conduct in order to regularly analyze and evaluate business activities with a higher unethical risk within the business scope, and thus formulate a regulation to prevent unethical conduct, which at least covers the preventive measures as described in the paragraphs 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Has the company established regulations to prevent unethical conduct and also clearly specified the operating procedures, conduct guidelines, penalties for violations and appealing systems in such regulations and enforced the regulations and regularly review it?</p>	v		<p>and fulfill their obligations as good managers. They also follow the code of ethical conduct for directors and managers and exercise strict self-discipline and cautions when executing their duties.</p> <p>(2) Compliance with the Company's ethical management policies is specified in contracts signed with others and there are provisions stipulating that Apex may terminate or cancel the contract at any time when a trading counterpart is found with law-violating conduct.</p> <p>(3) Apex has clearly specified in the Company ethical management best practice principles, the corresponding operating procedures and the conduct guidelines. The procedures for informing on violations against the principles and administration of penalties. In addition, service ethics are also incorporated in the code of practice and included in employee performance evaluation.</p>	
<p>2. Assurance of ethical management</p> <p>(1) Does the company assess the ethical practice records of its business associates and include provisions on ethical conduct in contracts signed with trading counterparts?</p> <p>(2) Is there a designated unit under the board of</p>	v		<p>(1) Apex conducts its business activities with integrity and practicality. The ethical practice records of trading counterparts are assessed and their compliance with the Company's ethical management policies is taken into consideration when contracts are established.</p> <p>(2) Apex set up "Corporate Governance Team" to be</p>	No major difference

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
directors to promote ethical management and regularly (at least once a year) report to the board of directors regarding its ethical management policy, its plan to prevent unethical conduct, and supervised the implement status?			responsible to relevant issue of Ethics Policy, and report the implement status to the board of directors regularly (at least once a year). It is in charge of investigating whether there are ethical management policy violations in the Company. The directors and managers all follow the code of conduct for directors and managers and answer to the shareholders' meeting or board of directors for their conduct considered to be within the scope of ethical management.	
(3) Has the company established a policy on prevention of conflicts of interest as well as appropriate channels through which related statements may be presented and is the policy actually enforced?	v		(3) Apex has specified its policy on prevention of conflicts of interest in the ethical management best practice principles. The independent directors regularly review the audit reports and inquire the audit director about occurrences of conflicts of interest in the Company. Channels for communication with stakeholders are kept open.	
(4) Has the company established effective accounting and internal control systems to facilitate enforcement of ethical management? Does the internal audit unit plan relevant audit plans based on evaluation results of the unethical conduct risk to check the compliance status of the plan to prevent unethical conduct perform audits regularly or commission to CPAs?	v		(4) Apex's Audit Office is directly responsible to the board of directors. It performs regular and irregular audits on results of company operations, inspects and evaluates organizational activities, and establishes corresponding reports that are presented to the independent directors on a regular basis. So far, no corruption or illegal acts have taken place in Apex.	
(5) Does the company conduct regular internal and external training courses on ethical management?	v		(5) Apex irregularly sends staff members to attend external courses or seminars on corporate governance and ethical management in order to enhance the awareness of employees and promotion of ethical management concepts.	

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
<p>3. Operation of the violation-reporting system in the company</p> <p>(1) Has the company established concrete violation-reporting and incentive systems as well as set up convenient channels for violation reporting? Are there any designated personnel to handle matters related to reported offenders?</p> <p>(2) Does the company have a standard operating procedure for investigations after accepting violation reports, the follow up measures to be taken after the investigation is completed, and a related mechanism to ensure confidentiality?</p> <p>(3) Does the company take measures to protect informers from receiving inappropriate treatment?</p>	v		<p>(1) Apex has specified the procedures for violation reporting and administration of penalties in the ethical management best practice principles and also designated the internal audit director and the independent directors to process violations reported.</p> <p>(2) Apex has specified in the ethical management best practice principles that the identity of informers and contents of complaints are to be kept confidential throughout the investigation process.</p> <p>(3) Within one month after completion of investigation and disposal, the processing unit is required to understand privately the working condition of the informer to see if there is any inappropriate treatment as a result of violation reporting.</p>	No major difference
<p>4. Enhancement of information Disclosure</p> <p>Does the company disclose the contents and the result of implementation of its ethical management best practice principles and promotion results on its website as well as the Market Observation Post System?</p>	v		Apex has disclosed the contents of its ethical management best practice principles and the corresponding operating procedure and the conduct guidelines on the Company website and also on the Market Observation Post System as required.	No major difference
<p>5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No major difference.</p>				
<p>6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): Apex adheres to the principle of "righteousness" to conduct all business activities. If a trading counterpart is found to have engaged in any unlawful act, the Company may terminate or cancel the contract at any time. Meanwhile, the</p>				

Evaluation Item	Current Status			Variance from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Brief Explanation	
			investment of shareholders is managed with the strictest discipline to ensure that shareholders can receive steady feedback. Apex also adopts people-oriented principles to care for employees, ensures the work environment is good for the health and safety of employees, listens to the needs of employees and communicates thoroughly to find reasonable solutions, and forbids activities that are illegal or in violation of the code of practice to create sustainable job opportunities. Apex values the rights and interests of each stakeholder and manages the Company with integrity to create win-win situations.	

3.4.7 If the company has established its corporate governance best practice principles and related regulations, the access to such information should be disclosed: Such information is available on Apex's company website at <http://www.apex-intl.com.tw>.

3.4.8 Other important information able to help the public understand the company's corporate governance practices should also be disclosed: None

3.4.9 Internal Control System Execution Status:
Statement of Internal Control System

Apex International Co., Ltd.
Statement of Internal Control System

Date: February 28, 2022

Based on the findings of a self-assessment, Apex International Co., Ltd. (hereinafter, the "Company") states the following with regard to its internal control system during year 2021:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and managers. The Company has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), (2) reliability, timeliness, transparency, and regulatory compliance of reporting, and (3) compliance with applicable laws, regulations and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and the Company promptly takes corrective actions whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission (hereinafter, the "Regulations"). The criteria adopted by the Regulations identify five constituent elements of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent element further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2021, its internal control system (including its supervision of subsidiaries), was effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be an essential content of the Company's Annual Report for the year 2021 and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. This Statement has been passed by the Board of Directors in their meeting held on February 28, 2022, with 0 of the 10 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.



Chairman **Shu-Mu Wang**



CEO **Jui-Hsiang Chou**

If CPA was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None

3.4.10 Court sanctions imposed on the company or employees or sanctions imposed by the company on employees for violation of internal control regulations in the most recent year and as of the date of this annual report, main offenses and improvements: None significant violations of internal control regulations have occurred in Apex.

3.4.11 Resolutions of the General Shareholders' Meeting and the Board of Directors' Meeting Major Resolutions in 2021 Annual General Meeting

Date	Major Resolutions	Carries out the situation
July 02, 2021 Annual General Meeting	Acceptance of the 2020 Final Accounting Books and Financial Statements	Proposal was approved after voting.
	Acceptance of the 2020 Annual Distribution of Earning of the Company	Proposal was approved after voting. Ex-rights (ex-dividend) record date: July 25, 2021 Payment date of cash dividend distribution: August 13, 2021
	Amendment to the "Procedures for Lending Funds to Other Parties" of the Company	Proposal was approved after voting and implemented in accordance with the revised provisions.
	Amendment to the "Rules and Procedures of Shareholders' Meeting" of the Company	Proposal was approved after voting and implemented in accordance with the revised provisions.
	Amendment to the "Procedures for Election of Directors" of the Company	Proposal was approved after voting and implemented in accordance with the revised provisions.

Resolutions of the Board of Directors' Meeting

Date	Major Resolutions
2021.03.03	<ol style="list-style-type: none"> 2021 CPA-audited and certified financial report and audit fee process by KPMG. 2020 Annual Operation Report and Consolidated Financial Statements. 2020 annual distribution of earning of the Company. To issue 2020 Statement of Internal Control System. Amendment to the "Rules and Procedures of Shareholders' Meeting", "Procedures for Election of Directors" and "Procedures for Lending Funds to Other Parties" of the Company. The proposal of subsidiary Apex Circuit (Thailand) Co., Ltd. (hereby refer to as APT) granting bonus to Directors. The agenda of the Company's 2021 Annual General Meeting and acceptance of shareholder proposals.
2021.05.31	<ol style="list-style-type: none"> The change of Accounting Officer. Release the managerial personnel of the Company from non-competition restrictions.
2021.06.10	<ol style="list-style-type: none"> The date and place of the postponement of the Company's 2021 Annual General Meeting.
2021.07.02	<ol style="list-style-type: none"> To set the ex-dividend record date and related matters. Adjustment to Independent director and Remuneration Committee member's remuneration.
2021.08.19	<ol style="list-style-type: none"> Q2 2021 Consolidated Financial Statements. The proposal to approve the application of credit line with Bank SinoPac.

Date	Major Resolutions
2021.11.10	<ol style="list-style-type: none"> 1. Amendment to the "Procedures for Endorsement and Guarantee" of the Company. 2. The proposal to approve the application of credit line with banks. (Mega Bank & KGI Bank)
2021.12.17	<ol style="list-style-type: none"> 1. The proposal to approve the application of credit line with banks. (First Commercial Bank) 2. 2022 Annual Audit Plan. 3. 2022 Annual Operating Plan and Budget. 4. The result of Group managerial officers' performance evaluation in 2021 as well as the annual bonus plan. 5. The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2022.
2022.02.28	<ol style="list-style-type: none"> 1. 2021 Annual Operation Report and Consolidated Financial Statements. 2. To issue 2021 Statement of Internal Control System. 3. Amendment to the "Procedures for the Acquisition or Disposal of Assets" of the Company. 4. The proposal to approve that the Company endorses and guarantees for subsidiary APT. (KBank) 5. The proposal to approve that the Company endorses and guarantees for subsidiary APT. (TTB) 6. The proposal to approve the application of credit line with banks. (Bank of Panhsin & Taichung Commercial Bank) 7. To re-elect all directors of the Company. 8. Release Non-Compete Restrictions on Newly-Elected Directors. 9. The agenda of the Company's 2022 Annual General Meeting and acceptance of shareholder proposals and nominations for candidates of directors (including independent directors).
2022.03.31	<ol style="list-style-type: none"> 1. 2021 CPA-audited and certified financial report and audit fee process by KPMG. 2. 2021 annual distribution of earning of the Company. 3. The proposal of subsidiary APT granting Base Compensation to Directors. 4. Amendment to the "Memorandum of Association and Articles of Association" of the Company. 5. Amendment to Rules & Procedures for Internal Control. 6. Nomination and review the list of directors (including independent directors) candidates. 7. The change of Chief Financial Officer ("CFO"). 8. Release the managerial personnel of the Company from non-competition restrictions. 9. The proposal to approve the application of credit line with banks.

3.4.12 The main contents of objections of directors or independent directors against important decisions approved by the board of directors in the most recent year and as of the date of this annual report and such records or written statements: None

3.4.13 Resignation or dismissal of company chairpersons, general managers, accounting directors, financial directors, internal audit directors, Chief Corporate Governance Officer and R&D directors in the most recent year and as of the date of this annual report:

Title	Name	On-board Date	Resigned Date	Type of the Change
Accounting Officer	Shou-Hua Hsu	2015.03.16	2021.06.01	position adjustment

3.5 CPA Fees

Information on the professional fees of the attesting CPAs

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	Audited Period	Audit Fee	Non-audit Fees	Total	Remark
KPMG Taiwan	Min-Ju Chao	2021.01.01	5,584	328	5,912	Other Non-audit fees include overseas registration annual fees 212 thousand, overseas certification fees and other service fees 116 thousand, etc.
	Chun-Shiu Kuang	~ 2021.12.31				

If the accounting firm was replaced and the audit fees were less than the amount paid the year before, the old and new audit fees and reasons for replacement should be disclosed: None

If the new audit fees totaled over 10% less than the amount paid the year before, the amount reduced, its ratio and reasons should be disclosed: None

3.6 Information of Change of CPA None

3.7 Company Chairman, General Managers or Financial or Accounting Managers Serving in the Accounting Firm of the CPAs or its Affiliates None

3.8 Share Transfers or Changes of Stock Pledges by Directors, Managers or Shareholders in Possession of Over 10% of Total Shares

3.8.1 Stock right changes happening to directors, managers or shareholders in possession of over 10% of total shares

Title	Name	2021		As of Mar. 31, 2022	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged	Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged
Chairman	Shu-Mu Wang	0	0	0	0
Director & General Manager	Jui-Hsiang Chou	0	0	0	0
Director	Yung-Yuan Cheng	0	0	0	0
Director & Vice President	Sen-Tien Wu	0	0	0	0
Director	Shun-Chung Lee	0	0	0	0
Director	Smokiat Krajangjaeng	0	0	0	0
Director	Tu-Chuan Chen	0	0	0	0
Director	Chao-Ting Lin (Resigned on Sep. 30, 2021)	0	0	0	0

Title	Name	2021		As of Mar. 31, 2022	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged	Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged
Independent Director	<i>Chau-Chin Su</i>	0	0	0	0
Independent Director	<i>Yung-Tsai Chen</i>	0	0	0	0
Independent Director	<i>Jesadavat Priebjivat</i>	0	0	0	0
Chief Financial Officer	<i>Shou-Hua Hsu</i>	0	0	0	0
Assistant General Manager	<i>Shin-Wang Yang</i>	0	0	0	0
Accounting Officer	<i>Jiun-Ting Lin (On-board on Jun. 01, 2021)</i>	0	0	0	0

3.8.2 Share transfer information: None

3.8.3 Secured parties of share pledges being related parties: None

3.9 The Top Ten Shareholders being Related Parties or Spouses or Relatives within the First Two Degrees as Stated in Statement

Mar. 26, 2022

Name	Current Shareholding		Shares Held by Spouse & Minors		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Yan-Xian Lu	18,000,000	9.48	0	0.00	0	0.00	None	None	None
Jin Da He Co., Ltd. Representative: Shi-Tang Huang	10,585,000 0	5.57 0.00	0 0	0.00 0.00	0 0	0.00 0.00	None	None	None
Zhixuan Asset Management Co., Ltd. Representative: Qiu-Fen Lu	9,400,000 0	4.95 0	0 0	0.00 0.00	0 0	0.00 0.00	None	None	None
CTBC Bank Co., Ltd. as custodian of Object Map Ltd. Investment Account	9,389,840	4.94	0	0.00	0	0.00	None	None	None
Cathay Life Insurance Representative: Tiao-Gui Huang	8,000,000 0	4.21 0.00	0 0	0.00 0.00	0 0	0.00 0.00	None	None	None
Yi Zhan Xin Co., Ltd. Representative: You-Dong Jian	5,200,000 0	2.74 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Ding Cheng Co., Ltd. Cun Shang Tian Yuan Co., Ltd. Yong Jin Shan Co., Ltd.	Same representative	None
Yi Ding Cheng Co., Ltd. Representative: You-Dong Jian	5,000,000 0	2.63 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Zhan Xin Co., Ltd. Cun Shang Tian Yuan Co., Ltd. Yong Jin Shan Co., Ltd.	Same representative	None
Cun Shang Tian Yuan Co., Ltd. Representative: You-Dong Jian	4,300,000 0	2.26 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Zhan Xin Co., Ltd. Yi Ding Cheng Co., Ltd. Yong Jin Shan Co., Ltd.	Same representative	None
Yong Jin Shan Co., Ltd. Representative: You-Dong Jian	4,000,000 0	2.11 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Yi Zhan Xin Co., Ltd. Yi Ding Cheng Co., Ltd. Cun Shang Tian Yuan Co., Ltd.	Same representative	None

Name	Current Shareholding		Shares Held by Spouse & Minors		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
JPMorgan Chase Bank Taipei Branch as custodian of JPMorgan Asset Management(Taiwan) Ltd. Investment Account	3,873,0320	2.04	0	0.00	0	0.00	None	None	None

Note: If the shareholder is not an insider, the relevant information will be disclosed to the extent that the Company can obtain.

3.10 Shares of the Same Company set up through Reinvestment held by the Company, Directors, Managers of the Company and Enterprises Directly or Indirectly Controlled by the Company and the Consolidated Shareholding Ratio

Dec. 31, 2021; Unit: thousand shares; %

Company Set up through Reinvestment	Apex's Investment		Investments from Apex's Directors, Managers and Enterprises Directly or Indirectly Controlled by Apex		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
Apex Circuit (Thailand) Co., Ltd.	143,194	99.58	- (11 shares)	0.00	143,194	99.58
Approach Excellence Trading Ltd.	1,000	100.00	0	0.00	1,000	100.00
Shye Feng Enterprise (Thailand) Co., Ltd.	0	0.00	- (2 shares)	0.00	0	0.00

4. Fundraising Overview

4.1 Capital and Shares

4.1.1 Sources of Share Capital

Unit: NT\$; share

Year/ Month	Issue Price	Authorized Share Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Property Other than Cash Used for Subscription	Others
2009/10	10	100,000,000	1,000,000,000	1,000	10,000	Startup capital	None	-
2009/12	10	100,000,000	1,000,000,000	58,641,765	586,417,650	Transfer	None	(Note1)
2010/01	10	100,000,000	1,000,000,000	62,227,019	622,270,190	Transfer	None	(Note2)
2010/01	(Note 3)	100,000,000	1,000,000,000	84,249,241	842,492,410	Cash capital increase	None	(Note3)
2011/10	28	100,000,000	1,000,000,000	92,949,241	929,492,410	Cash capital increase	None	-
2011/10	-	200,000,000	2,000,000,000	92,949,241	929,492,410	None	None	(Note4)
2013/03	40	200,000,000	2,000,000,000	93,616,741	936,167,410	(Note7)	None	-
2013/04	40	200,000,000	2,000,000,000	95,389,241	953,892,410	(Note7)	None	-
2013/11	37.12	200,000,000	2,000,000,000	97,051,414	970,514,140	(Note7)	None	-
2014/03	37.12	200,000,000	2,000,000,000	97,091,822	970,918,220	(Note7)	None	-
2014/06	37.12	200,000,000	2,000,000,000	97,916,172	979,161,720	(Note7)	None	-
2014/07	37.12	200,000,000	2,000,000,000	97,926,946	979,269,460	(Note7)	None	-
2014/08	42.5	200,000,000	2,000,000,000	110,426,946	1,104,269,460	Cash capital increase	None	-
2014/08	35.84	200,000,000	2,000,000,000	117,597,665	1,175,976,650	(Note7)	None	-
2014/09	(Note5)	200,000,000	2,000,000,000	120,936,439	1,209,364,390	(Note7)	None	-
2014/10	35.84	200,000,000	2,000,000,000	122,412,433	1,224,124,330	(Note7)	None	-
2014/11	35.84	200,000,000	2,000,000,000	122,515,665	1,225,156,650	(Note7)	None	-
2015/06	42.9	200,000,000	2,000,000,000	122,594,919	1,225,949,190	(Note7)	None	-
2017/07	10	200,000,000	2,000,000,000	126,517,957	1,265,179,570	Retained profits capital increase	None	-
2017/09	19.5	200,000,000	2,000,000,000	144,517,957	1,445,179,570	Cash capital increase	None	-
2018/06	-	300,000,000	3,000,000,000	144,517,957	1,445,179,570	None	None	(Note4)

Year/ Month	Issue Price	Authorized Share Capital		Paid-in Capital		Sources of Capital	Remark	
		Shares	Amount	Shares	Amount		Property Other than Cash Used for Subscription	Others
2018/08	21.5	300,000,000	3,000,000,000	158,806,273	1,588,062,730	(Note7)	None	-
2018/09	21.5	300,000,000	3,000,000,000	161,829,510	1,618,295,100	(Note7)	None	-
2018/10	21.5	300,000,000	3,000,000,000	163,638,809	1,636,388,090	(Note7)	None	-
2018/11	21.5	300,000,000	3,000,000,000	169,857,380	1,698,573,800	(Note7)	None	-
2018/12	21.5	300,000,000	3,000,000,000	170,229,463	1,702,294,630	(Note7)	None	-
2019/01	(Note6)	300,000,000	3,000,000,000	175,691,329	1,756,913,290	(Note7)	None	-
2019/02	(Note6)	300,000,000	3,000,000,000	182,170,714	1,821,707,140	(Note7)	None	-
2019/03	(Note6)	300,000,000	3,000,000,000	184,423,410	1,844,234,100	(Note7)	None	-
2019/04	35.3	300,000,000	3,000,000,000	184,752,016	1,847,520,160	(Note7)	None	-
2019/05	35.3	300,000,000	3,000,000,000	188,751,988	1,887,519,880	(Note7)	None	-
2019/07	35.3	300,000,000	3,000,000,000	189,040,932	1,890,409,320	(Note7)	None	-
2020/02	20.4	300,000,000	3,000,000,000	189,933,087	1,899,330,870	(Note7)	None	-
2020/06	20.4	300,000,000	3,000,000,000	189,937,988	1,899,379,880	(Note7)	None	-

Note 1: The share capital of THB 603,999 thousands was converted at the historical exchange rate of 0.9708 to NT\$ 586,407 thousands on Dec. 21, 2009.

Note 2: The share capital of THB 36,928 thousands was converted at the historical exchange rate of 0.9708 to NT\$ 35,852 thousands on Jan. 8, 2010.

Note 3: 4,800 thousand shares were issued at the premium price of NT\$ 12.14 per share and 17,222 thousand shares were issued at the premium price of NT\$ 17.48 per share. There were 22,022 thousand shares in total.

Note 4: Annual General Meeting approved to increase Authorized Share Capital.

Note 5: Sep. 2014 Apex (49271) Conversion price: NT\$ 35.84; Apex (49272) Conversion price: NT\$ 42.9

Note 6: Aug. 2018 ~ Mar. 2019 Apex (49272) Conversion price: NT\$ 35.3; Apex (49273) Conversion price: NT\$ 21.5

Note 7: Conversion of convertible corporate bonds.

Mar. 26, 2022; Unit: share

Type of Share	Authorized Share Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	189,937,988	110,062,012	300,000,000	Shares issued as a listed company at TWSE on Sep. 8, 2015.

Overall information on the declaration system: None

4.1.2 Shareholder Structure

Mar. 26, 2022; Unit: person; share

Shareholder Structure Quantity	Government Institution	Financial Institution	Other Juristic Persons	Individual	Foreign Institutions and Individual	Total
No. of People	0	10	206	22,074	134	22,424
No. of Shares Held	0	13,157,000	55,478,061	75,631,327	45,671,600	189,937,988
Holding ratio	0.00%	6.93%	29.21%	39.81%	24.05%	100.00%
Holding ratio of capital from mainland China: 0%						

4.1.3 Share Diversification

Mar. 26, 2022

Shareholding Scale	No. of Shareholders	No. of Shares Held	Shareholding Ratio
1 to 999	13,842	273,069	0.14 %
1,000 to 5,000	7,010	12,586,033	6.62 %
5,001 to 10,000	717	5,744,392	3.02 %
10,001 to 15,000	234	3,033,795	1.60 %
15,001 to 20,000	133	2,479,581	1.31 %
20,001 to 30,000	133	3,466,682	1.83 %
30,001 to 40,000	82	2,975,233	1.57 %
40,001 to 50,000	42	1,942,999	1.02 %
50,001 to 100,000	85	5,980,425	3.15 %
100,001 to 200,000	60	8,618,808	4.54 %
200,001 to 400,000	28	8,217,592	4.33 %
400,001 to 600,000	11	5,331,687	2.81 %
600,001 to 800,000	9	6,241,345	3.29 %
800,001 to 1,000,000	7	6,286,427	3.31 %
Over 1,000,001	31	116,759,920	61.46 %
Total	22,424	189,937,988	100.00 %

4.1.4 List of main shareholders

Names of shareholders in possession of more than 5% of total shares or ranking among the top ten shareholders, the amounts of shares held and shareholding ratios

Mar. 26, 2022; Unit: share

Name of Main Shareholder	Shares	No. of Shares Held	Shareholding Ratio
Yan-Xian Lu		18,000,000	9.48 %
Jin Da He Co., Ltd.		10,585,000	5.57 %
Zhixuan Asset Management Co., Ltd.		9,400,000	4.95 %
CTBC Bank Co., Ltd. as custodian of Object Map Ltd. Investment Account		9,389,840	4.94 %

Name of Main Shareholder	Shares	No. of Shares Held	Shareholding Ratio
Cathay Life Insurance		8,000,000	4.21%
Yi Zhan Xin Co., Ltd.		5,200,000	2.74%
Yi Ding Cheng Co., Ltd.		5,000,000	2.63%
Cun Shang Tian Yuan Co., Ltd.		4,300,000	2.26%
Yong Jin Shan Co., Ltd.		4,000,000	2.11%
JPMorgan Chase Bank Taipei Branch as custodian of JPMorgan Asset Management(Taiwan) Ltd. Investment Account		3,873,032	2.04%

4.1.5 The market price, net value, earnings and dividend per share in the two most recent years and related information

Item		Year	2020	2021	as of Mar. 31, 2022
Market Price per Share	Maximum		85.50	132.50	138.00
	Minimum		42.20	44.55	88.50
	Average		63.56	82.62	112.51
Net Value per Share	Before allocation		40.14	38.94	(Note 2)
	After allocation		37.14	(Note 1)	
Earnings per Share	Weighted Average Shares (thousand shares)		189,819	189,938	
	Earnings per Share		6.31	7.25	
Dividend per Share	Cash dividend (Note 1)		3.00	4.00	
	Stock Dividends	Stock Dividends Appropriated from Retained Earnings	0	0	
		Stock Dividends Appropriated from Capital Reserve	0	0	
	Accumulated Undistributed Dividends		0	0	
Analysis of Return on Investment	Price-to-earnings ratio(Note 3)		10.59	9.85	
	Price-to-dividend ratio(Note 4)		22.27	(Note 1)	
	Cash dividend yield(Note 5)		4.49%	(Note 1)	

Note 1: On March 31, 2022, the board of directors proposed to distribute earnings of 2021. The actual amount will be finalized after the resolution of 2022 Shareholders' Meeting.

Note 2: Until the date of publication of the annual report, there is no financial information reviewed by the accountant or verified by the accountant.

Note 3: Price-to-earnings ratio=average closing price per share of the year/earnings per share.

Note 4: Price-to-dividend ratio=average closing price per share of the year/cash dividend per share.

Note 5: Cash dividend yield=cash dividend per share/average closing price per share of the year.

4.1.6 Company Dividend Policy and Execution

1. The dividend policy set forth in the company's Memorandum and Articles (M&A): Apex's dividend policy is specified in Article 56.1 of the current M&A. The content is as follows:

(1) If there are profits in a given year, the Company shall first make up the losses for the previous years, and then set aside a special surplus reserve as required by the competent securities authority under the Applicable Public Company Rules. If the balance is positive, subject to the Law and the Applicable Public Company Rules, the Board may decide whether to distribute profits. If it decides to do so, it shall make a proposal for profit distribution for approval by the Members by the sanction of an ordinary resolution or in the case of Article 11.4(d), a supermajority resolution, in annual general meetings. The profit distribution shall follow the ratios below:

A. No more than 2% as employees' bonus.

B. No more than 2% as directors' bonus.

C. No less than 10% as dividend to be paid to the Members in proportion to the number of shares held by them. In addition, the Board may make proposals for the distribution of the accumulated undistributed earnings from the previous years after taking into account the actual operations, future capital expenditures or other material matters related to the operations.

When employees' bonus is distributed by way of stock dividend, the recipients may include qualified employees of the Company's Subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

(2) The Company operates in a mature industry, and is in the growth stage. In determining Members' dividend, the Company shall consider its future capital expenditure budgeting and evaluate its capital requirement in the next year, in order to determine the amount of profits for retention and distribution. The amount of profits for retention and distribution, and the types of dividend and their ratio shall be proposed by the Board, after consideration of the Company's profitability and capital level, and approved by the Members in the annual general meetings; provided that, the cash portion shall be no less than 30% of total Members' dividend.

2. Execution situation:

In the last 3 years (2019~2021), Apex's cash dividends distributed by shareholders' resolutions accounted for more than 45% of correspondent year's EPS (45%~67%).

3. Allocation of dividends proposed to current shareholders' meeting:

The board of directors resolved to distribute 2021 shareholders' dividend after the board of director's meeting on Mar. 31, 2022. It is proposed to distribute NT\$ 4.00 per share as cash dividend for shareholders. The total dividend number will be rounded down to zero decimal place. The proposed distribution of cash dividends is based on total outstanding shares of 189,937,988 shares, if the approved cash distribution ratio is required to be adjusted due to amendment of laws or regulations, request of competent authority, or any change of the numbers of the issued and outstanding shares, it is proposed that the Annual General Meeting authorize the Board of Directors with full power to adjust the distribution ratio. After it is resolved at the annual meeting of shareholders on May 24, 2022, it will be executed in accordance with related regulations.

4.1.7 The impact of the shareholders' meeting's stock grant proposal this time on company performance and earnings per share: Not applicable

4.1.8 Employee bonuses and remuneration for directors

1. The percentages or limits of bonuses for employees and remuneration for directors specified in the company M&A: See 4.1.6. The dividend policy set forth in the company M&A in the preceding page.
2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:
 - (1) Amounts of employee bonuses and share dividends and remuneration for directors and supervisors will be estimated in compliance with company M&A and past experience.
 - (2) The basis for calculating the number of shares to be distributed as employee compensation: Not applicable, the board of directors did not allocate employee bonuses in 2021.
 - (3) The accounting treatment of the discrepancy between the actual distributed amount and the estimated amount for the current period: If the actual distributed amount approved by board of directors and the estimated amount have difference, it shall be follow the changes in accounting estimates by adjusting profit and loss of the approval year.
3. Employee bonus allocation proposal approved by the board of directors:
 - (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated amount for the fiscal year these expenses are recognized, the discrepancy, its cause, the status of treatment:
It was approved by board of directors in the meeting on Mar. 31, 2022, NT\$ 0 thousand for employee compensation and NT\$ 1,080 thousand for compensation of directors. There is no discrepancy between actual allocated amount and estimated amount.
 - (2) The proportion of the employee's compensation paid by the stock and the total net profit after tax and the total amount of employee compensation in the current period: Not applicable.
4. Employee bonuses and remuneration for directors actually allocated in the previous year:

Unit: NT\$ thousand

Year Item	Actual Amount Allocated in 2021	Amount Estimated in 2020	Difference	Cause and Treatment Situation
Employee cash bonus	0	0	0	-
Director remuneration	720	720	0	-

4.1.9 Company shares bought back by the company: None

4.2 Issuance of Bonds None

4.3 Preferred Shares None

4.4 Issuance of Global Depository Shares None

4.5 Status of Employee Stock Option Plan None

4.6 Status of Employee Restricted Stock None

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions None

4.8 Financing Plans and Implementation None

5. Business Overview

5.1 Contents of Business

5.1.1 Scope of business

1. Major contents of business of Apex and its subsidiaries

The main business operations of Apex Group are production and sales of single-sided, double-sided and multi-layer rigid printed circuit boards (PCBs). The products are sold locally in Thailand and also exported to Asia including China, Japan, Korea, Europe and America.

Consumer electronics makers that are clients of the group include Samsung, Pace, Technicolor, Canon, Toshiba and Hitachi. The PCBs produced by the group are mainly applied in LCD TVs, STBs, hard disks, printers, wireless transmitters, TFT panels, multimedia products for automobiles and automobiles devices.

Unit: NT\$ thousand; %

Product	Year	2020		2021	
		Amount	%	Amount	%
Single Side		570,826	4.82	610,175	4.12
Double Side		2,283,633	19.30	4,807,715	32.48
Multi-Layer		8,954,875	75.68	9,319,278	62.97
Others		23,179	0.20	63,515	0.43
Total		11,832,513	100.00	14,800,683	100.00

2. New product and service items to be developed

Apex's products are divided into four major production lines includes home appliances, PC-related, communication equipment and automotive parts. In 2021, the sale amount of four major production lines will continue to grow. For the home appliances, Apex has successfully developed and sold Mini Led Plate. Regarding the automotive parts, after years of hard work, Apex has successfully developed more automotive customers. Besides, Apex 3 has started production in 2021Q3. On 2022, the production capacity will be adjusted according to customer demand, Apex will utilize new capacity to further increase market share and keep exploring the business of memory module boards and new energy PCB.

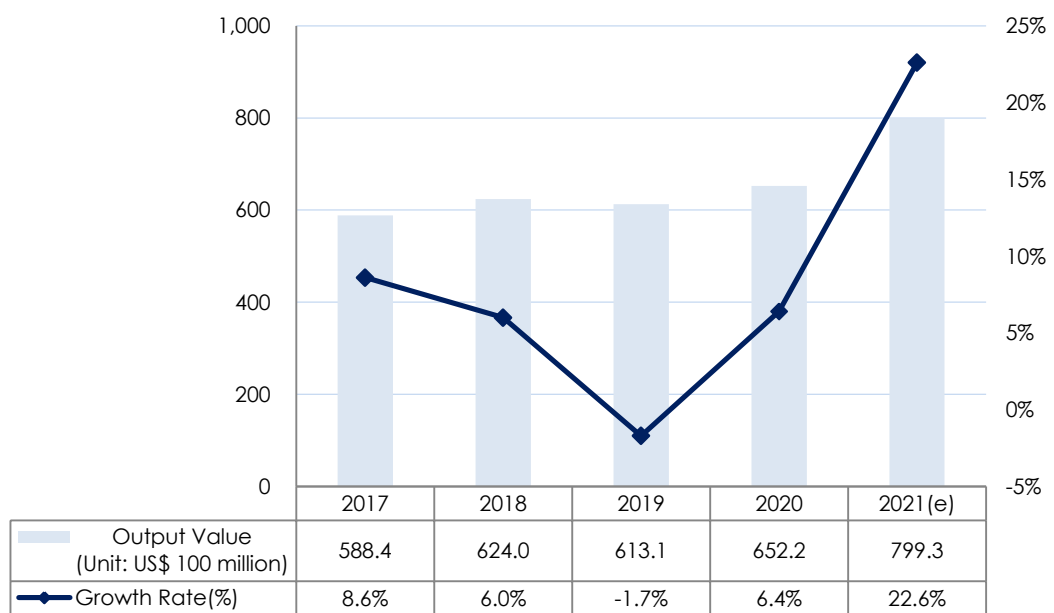
5.1.2 Industry overview

1. Current status and development of the industry

PCB is an indispensable key component in electronic products. It is used extensively in information equipment, communications equipment, consumer products, national defense and industry. The chief functions are to transmit power and signals and to serve as a device carrier. Other electronic components, such as ICs and passive components are integrated on the PCB to allow an electronic product to function. For this reason, it is referred to as the "mother of electronic products". Facing pressure from cost competition and new IC designs appearing one after another, production of PCBs obviously needs improvement. The number of layers is decreased instead of increased. It is compressed to maintain cost competitiveness, such as 8-layer boards being compressed to 6-layer boards and 6-layer boards to 4-layer boards. Under such circumstances, Apex has made use of the advantages it has developed from working on conventional boards to continue to improve the production process and capacity to obtain orders.

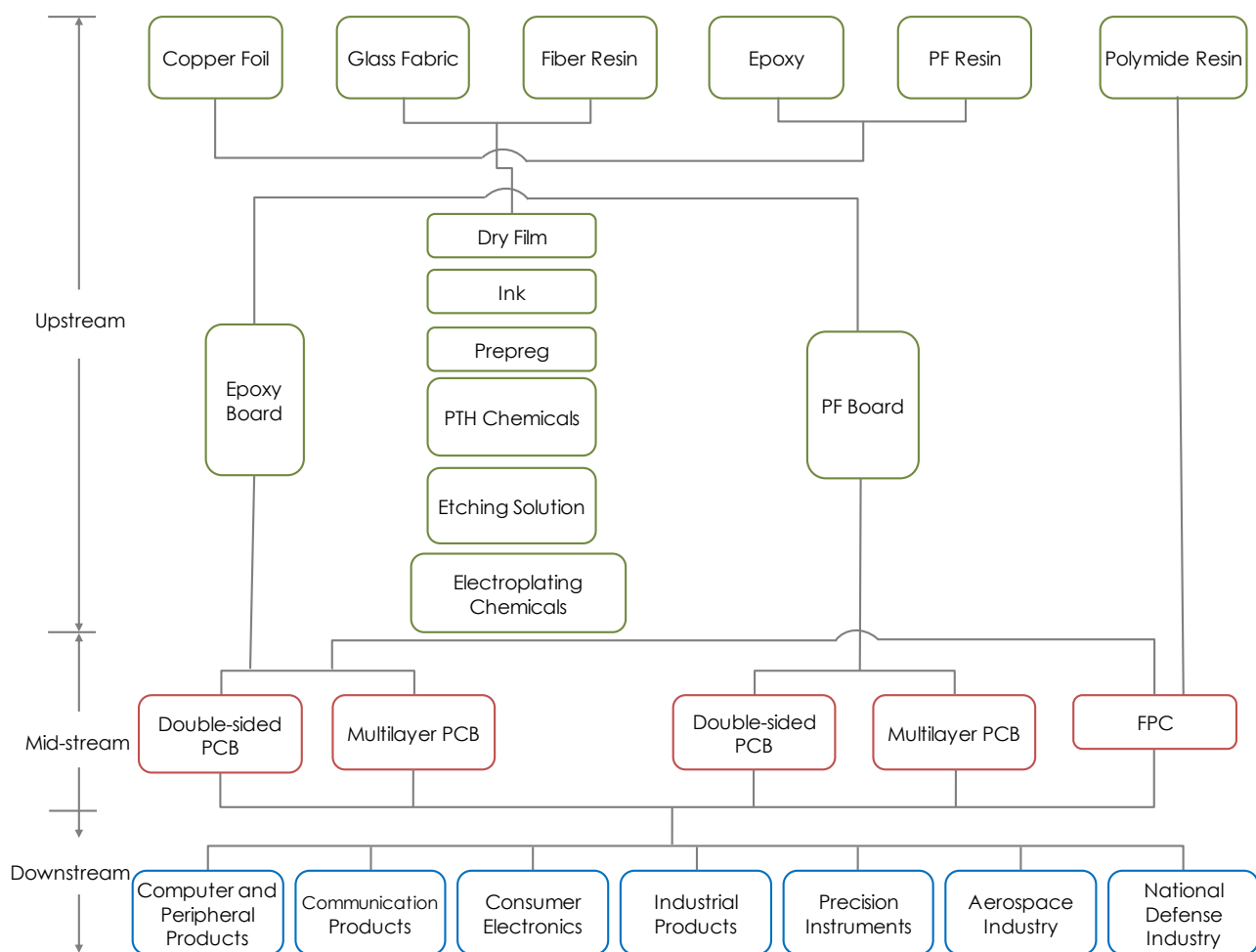
PCB industry is the industry with the largest output value in the global electronic component industry, and it is also the basic product of electronic information manufacturing industry. Even if there are many unfavorable factors in 2021, such as

the continued impact of COVID 19 and chip shortages affecting EMS's ability to pull goods, etc., 2021 PCB industry is still benefiting from "stay-at-home economy" and the increasing demand for network upgrades. "Stay-at-home economy" made the sales of NB, PCs and other products still have a driving force. "Network upgrades" leads to the increased demand for infrastructure applications such as 5G communications, server platforms, and broadband network upgrades. In addition, due to the substantial growth in global electric vehicle sales, the increasing total demand for automotive electronics has also driven the expansion of the PCB industry. Therefore, the global PCB output value in 2021 achieved good results. According to the statistics by Prismark, the output value of the global PCB industry has reached US\$79.93 billion in 2021, an increase of 22.6% over 2020, showing a strong growth trend. According to estimation from Prismark and the Taiwan Institute of Economic Research(TIER), the global PCB output value will continue to grow steadily in 2022 and the scale will reach US\$83.7 billion.



Reference: Prismark (Jan. 2022), Taiwan Printed Circuit Association, Compiled by Taiwan Industry Economics Services, Mar. 2022.

- Correlations between the upstream, midstream and downstream of the industry
Apex focuses on production of single-sided, double-sided and multi-layer PCBs and belongs to the midstream of the industry. The upstream is the suppliers of related components and materials, such as various substrates, copper foil and prepreg. At the downstream are information equipment, communications equipment, consumer electronic product, semiconductor product, industrial control equipment, automobile, medical equipment, aerospace and national defense industries. There is no overconcentration at the upstream and the suppliers have worked with Apex for a long time. Sources of materials are stable and plentiful. The ranges of application are extensive in downstream businesses that are making solid progress.



Reference: Material and Chemical Research Laboratories, Industrial Technology Research Institute

3. Product trends and industrial competition

In recent years, the shipments of electronic terminal products including smart phones, computers, and televisions have not grown significantly, actually with a recession, while the overall PCB output value maintain its growth. 5G infrastructure in the early stage is a key point. In the future, as the application of high-end PCB products such as 5G and AI continues to be promising, it is expected that the market competition for high-end products will continue to intensify. In terms of product structure, the current multi-layer PCB market still dominates the market. With the rapid development of electronic circuit industry technology, the integrated functions of components have become more and more extensive. Electronic products have become more prominent in the high density of PCBs, and high-end PCB products such as high multilayer boards, HDI boards, flexible boards, and package substrates have gradually taken over market dominance.

Apex's major multi-layer board products are consumer electronic products, and its market will experience moderate growth. Because the Group's current revenue generation in this area is still relatively low. Therefore, if Apex can meet the requirements of the market for products and enhance process capability, there is considerable room for growth. The main competitors of such conventional hardboards are manufacturers located in Mainland China, including Taiwan-funded plants and domestic-funded plants. In recent years, the companies in Mainland China have increasingly strengthened their competitiveness through government support, self-technology upgrading, and the gradual integration of

upstream and downstream industries. However, in recent years, the increasingly stringent environmental protection ban in mainland China will lead to an increase in the cost of environmental protection.

5.1.3 Technology and R&D overview

1. Enhancement of technological capacity

Apex has made active efforts to build up its own technological development capacity since it was founded. Most innovative technologies have been developed by its own R&D team to assure technological independence. So far, the self-developed technologies include dynamic measurement of resin polymerization, double-core shaping, depth-control drilling, High reliability automobile Board process included drilling and plating process, special board processes parameters, polar impedance computation, linear compensation design special asymmetric boards and 28-inch large-scale production process accurate size (accurate 10% uniform etching) fine line capability, IOT for drilling process evaluation had been done, auto printing function for solder mask process and faster changing ability, lab for reliability ability ready for TCT / CAF / SIR / THB / Material thermal stress analysis and also pass ISO17025 Lab Certification. In recent year, Apex keeps improving manufacturing technologies for fulfilling productivity efficiency promotion and reducing cost. In 2021, Mini LED TV backlight PCB production process development had been implemented and will develop next generation continually. Besides, the technologies developed by the company's own R&D team, Apex also works with major suppliers in and outside the country to ensure stable sources of technologies and upgrade product quality.

2. Funds invested in R&D in the most recent year and as of the date of this annual report
- Since the establishment of the company, the engineering department has been established. The personnel of the department and the manufacturing department have a certain level of familiarity with the production parameters and production environment; therefore, the company will discuss, test and research the improvement of the process technology from time to time in order to be able to produce in line with increasingly sophisticated customer specifications. Therefore, Apex continues to invest significant resources in the improvement of product development and production technologies, and selects appropriate staff to form an ad hoc group for R&D on the basis of the process needed to improve, in order to maintain the advantages of market competition.

Apex's R&D expenses include pay for R&D personnel and costs of raw materials needed of R&D tests (without including equipment upgrade). In 2021, the funds totaled THB159,558 thousand (machine renewal and upgrade cost excluded) and booked as manufacturing overhead. This expense was for strengthening R&D manpower continuously in order to speed up new factory's testing and mass production schedule. In light of the market trends and product diversity, Apex started to enhance the functions, features and characteristics of exiting products through repeated innovation in R&D.

In the next 2 years, Apex expects to invest around THB 2 billion (including equipment upgrade) to develop or modify production processes of the new factory to provide more services, boost product yield rates, and reduce scrap rates and costs.

3. Technologies and products developed

Year	Development Result
2010	<ul style="list-style-type: none"> ➤ Improvement of drilling precision ➤ Improvement of multi-layer board efficiency

Year	Development Result
2010	<ul style="list-style-type: none"> ➤ Adoption of physical characteristics to modify the copper plating glazing agent formula and increase of reliability of high heat treatment for products
2011	<ul style="list-style-type: none"> ➤ Development of a high-reliability copper-plating solution formula ➤ Optimization of desmear process parameters for halogen-free materials ➤ High-throwing power (vertical continuous) plating equipment ➤ Copper-plating solutions with high penetrating power and high reliability ➤ Technology for hole-plugging with ink on aluminum cover plates ➤ The rivet effect of non-electric through holes ➤ Addition of heat-absorbing pads in inner layers to increase product reliability
2012	<ul style="list-style-type: none"> ➤ Vertically spin-coated inner-layer photo resistance ➤ Development of circuit resolution test board design ➤ Development of new copper-plating fixtures
2013	<ul style="list-style-type: none"> ➤ Development of copper-plating anode fixtures ➤ Press fit cushion tests ➤ Research of coefficients of thermal expansion of board materials ➤ Research of improvement of shaping efficiency (by about 50%)
2014	<ul style="list-style-type: none"> ➤ Development of 8/10-layer board production processes ➤ Development of the production process for high-dimensional precision photovoltaic boards ➤ Development of the production process for 3mil high-density circuit boards
2015	<ul style="list-style-type: none"> ➤ Development of via hole on PAD process ➤ Development of resin plug process ➤ Automatic production line of text ➤ Automatic carbon ink printing production line ➤ Upgradation of PCB Image Transfer Technology from 2.5 mil to 1.5 mil.
2016	<ul style="list-style-type: none"> ➤ Focus on industrial and automotive board related manufacturing technology development and use robotic arm in the production process ➤ Development of HASL Lead free production processes. ➤ Development of Immersion Tin production processes ➤ Development of Heavy copper board 3 OZ PCB production processes
2016	<ul style="list-style-type: none"> ➤ Set up and import VDA6.3 automotive board process control ➤ Design and import robotic arm in PCB production process usage
2017	<ul style="list-style-type: none"> ➤ Automatic grinding drill process ➤ Improve molding efficiency: Optimize the molding path and increase the appearance of milling cutters to increase molding efficiency by about 16% ➤ The second stage of the robotic arm
2018	<ul style="list-style-type: none"> ➤ 28-inch large-scale production process: Accurate size (accurate 10% uniform etching) fine line capability ➤ High reliability automotive board drilling process: High reliability drill (less than 150% of hole head)
2019	<ul style="list-style-type: none"> ➤ IOT for drilling process evaluation had been done ➤ Auto printing function for solder mask process and faster changing ability ➤ Lab for reliability ability ready for TCT / CAF / SIR / THB / Material thermal stress analysis
2020	<ul style="list-style-type: none"> ➤ Gold finger process had been done ➤ MES system implement ➤ Acquired ISO17025 Lab Certification

Year	Development Result
2021	<ul style="list-style-type: none"> ➤ Auto Plating line ➤ Micro PAD 160-200um product ➤ Zero emission micro etching process

4. Short- and long-term business development plans

(1) Short-term plan

Apex aims to maintain existing clients / business relationship and expand to other printed circuit board product related applications as a one stop solution to our customer. Apex also implements customer service, improves service quality and customer trust.

(2) Long-term plan

Apex's long-term plan is to maintain stable product quality and competitive prices and continue to improve the production processes and efficiency to meet the needs of clients and respond to market changes. Another objective of the plan is to continue to increase the energy in business expansion and do the company's best to achieve the target of annual growth in number of clients to boost production efficiency and disperse the risk of clientele concentration. The Apex has begun to accept orders for products of higher complexity and specifications and take such opportunities to upgrade its production technologies. By using more advanced equipment and improve production processes in the new plants and learning from the production for the aforesaid orders to reduce problem occurrence rates, Apex will be able to provide better products with the same cost competitiveness.

5.2 Market, Production and Marketing Overview

5.2.1 Market analysis

1. Main regions to which Apex's products are sold

Unit: NT\$ thousand,%

Location	Year	2020		2021	
		Amount	%	Amount	%
Overseas	Asia	7,516,525	63.52	9,487,970	64.10
	Europe	1,797,937	15.20	774,812	5.24
	America	269,516	2.28	1,739,621	11.75
	Africa	-	-	51,819	0.35
	Subtotal	9,583,978	81.00	12,054,222	81.44
Local (Note)		2,248,535	19.00	2,746,461	18.56
Total		11,832,513	100.00	14,800,683	100.00

Note: Local means sales to Thailand.

2. Market shares

The total of Apex's 2021 annual sales is NT\$ 14,800,683 thousand (around US\$ 528 million). The amount accounts for a relatively small percentage of the global 2-layer, 4-layer to 12-layer PCB market shares. In Thailand, Apex is ranked as the number one Taiwanese manufacturer in Thailand in terms of capacity.

3. Supply-demand condition and market growth in the future

Looking into the future, owing to the 5G wireless communication technology, the

continuous expansion of AI applications, and the continued light and thin design of electronic products, the trend of auto electronics and new energy vehicles will continue to support the PCB industry maintains its growth momentum.

4. Competitive edges

(1) Excellent corporate management

Apex's management is dedicated to the company, maintains business stability and growth, endeavors in sustenance of internal communication channels, and also adheres to five major management concepts: 1. finest quality, 2. best prices, 3. punctual deliveries, 4. excellent service and 5. fulfillment of promises.

(2) Diversification of client sources and product applications

Apex's client spread around Japan, Korea, Europe, North America and China and major international manufacturers are among the end-customers. Diversification of client sources reduces the influence of the economic situation of a single country or region on Apex. In the meantime, diversification of product applications, including electronic products, computer-related, communications and automotive, will enable Apex to stand out as a company capable of meeting the various needs of clients and its product development can also create complementary effects, while enhancing the niche to provide customers with one-stop service.

(3) Cost control and product price

Complicated production processes and production according to orders are the characteristics in PCB's manufacturing. Hence precise and effective management are the foundation for maintenance of competitiveness and creation of profit. Whole production processes of PCB are in-house, so Apex can control the scrap rate of each work-station in which decrease producing cost. At the same time, Apex is centralized sale and procurement in which reduce time lag. Finally, good cost control has resulted in competitive product price.

5. Advantageous and disadvantageous factors in future development and countermeasures

(1) Advantageous factors

■ *Geography and people of Thailand*

Thailand is a transportation hub in Southeast Asia with abundant resources. Being an ASEAN member state, it has regional economic advantages that attract foreign investors. With the integration of AEC in 2015, Thailand will continue to enjoy advantage of exporting into South East Asia and doing cross border trade with zero tariffs. Besides, Thai people are friendly and loyal. This has made it possible for Apex to maintain the turnover rate in a low level to maintain the efficiency and quality of the production.

■ Labor cost and labor consciousness

Despite the Thai government's announcement in recent years to raise the minimum wage, Apex has been able to keep management costs at a lower level through cost control. Fully aware that the lower labor cost in Thailand is a major contribution to its gross profit, Apex has therefore continued to increase investment in automation to reduce its dependence on labor in the future. We had also invested on automated equipment to reduce the cost of intensive labor.

■ Market share and demand

Apex understands very well that cost competitiveness, decent service and responsibilities are necessary abilities for the Company to survive in the

electronics industry, keep customers and develop new sources of clients. We have continued to expand our market share through current customers and seek new ones to fill the production capacity of the new plants. Besides continuous acquisition of machine equipment for the new plants, Apex also makes persistent efforts in development of new products and technologies to bring up production to meet market demand as well as win opportunities to serve more customers and increase business. Apex has price advantages to compete in the market and continues to maintain close relationships with customers and develop new sources of clients.

■ **Competitive edges of PCB manufacturers in Asia**

In recent years, production costs have kept rising in China as a consequence of growing labor costs which are subject to the policy of the Chinese government. Plus, the increasingly strict environmental protection policy, PCB businesses along the eastern coast have begun to relocate to the inland. Although production costs in the Chinese inland are relatively lower, the hardware facilities and logistic services are not as progressive as those in the eastern region. This has created certain pressure on our competitors. Being based in Thailand gives Apex certain relative advantages.

■ **Logistic advantages in Thailand**

Recently, the land transportation systems in Thailand have been greatly improved. Moving goods from Thailand to anywhere in China takes only 7-10 days. Delivery time is shortened, costs are reduced, and competitiveness is boosted. For raw materials, there are four suppliers able to provide board materials. Apex also purchases services needed for production from Thailand suppliers to cut down on waiting time.

(2) **Disadvantageous factors**

■ **Awakening of environmental protection awareness**

Apex has implemented a number of projects in recent years, including power and waste water treatment facilities, to reduce environmental impacts. We believe the rate of return on investment of these projects will be worthwhile. Overall, we have seen initial results. We will continue our effort to control costs to ensure that the funds spent on environmental protection will not affect the profitability of the Company.

Countermeasures

Apex continues to improve production processes to reduce contamination, adopt environmental strategies and bring in contamination prevention equipment to meet environmental protection regulations, and also commission qualified environmental protection businesses to dispose of contaminated waste to reduce environmental contamination and environmental protection expenses.

■ **Fierce market competition**

The PCB industry is the mother of the electronics industry. Price reduction pressure from customers never stops and this is the fate of this industry.

Countermeasures

Apex continues to improve sales tactics to maintain plant utilization rates at over 90% and is therefore able to offer competitive prices and ensure reasonable profit. Increased customer demand for multi-layer boards will boost our average sales price and profitability. Production of 2-layer boards continues to decrease while that of multi-layer boards is on the rise. This enables us to cope with

competition from other regions.

■ Impact on profitability from exchange rate fluctuations

Exchange gains/losses will have an impact on the final profit of the Company. By adopting natural hedging strategies and cautious operation of certain derivatives, Apex has reduced the likely impact from exchange rate fluctuations by a large margin.

■ International raw material price fluctuations

Apex takes active measures to negotiate prices of important raw materials, such as CCL, Prepreg, copper foil, solutions and dry film, with suppliers.

Countermeasures

Apex keeps a close watch on price change tendencies and purchases needed quantities in advance when prices are at low points in order to maintain low material costs. We also keep good relationships with suppliers to ensure all material costs achieve our expectations. Apex also conducts cost control through quarterly plans to comply with budget arrangements.

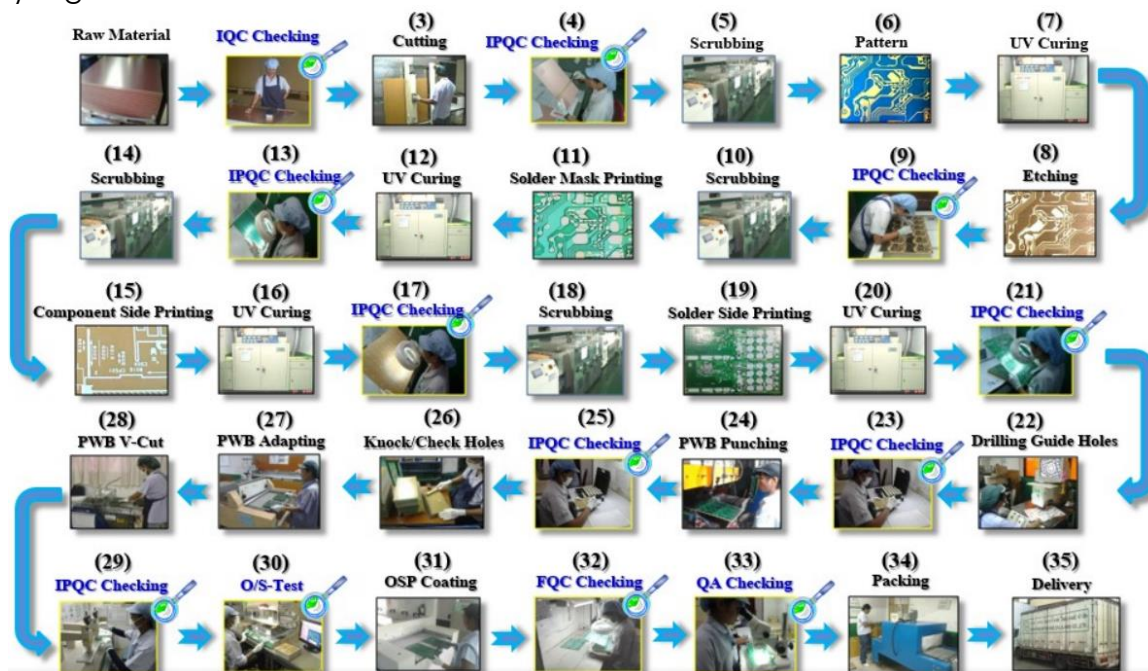
5.2.2 Important uses and production processes of main products

1. Important uses of products

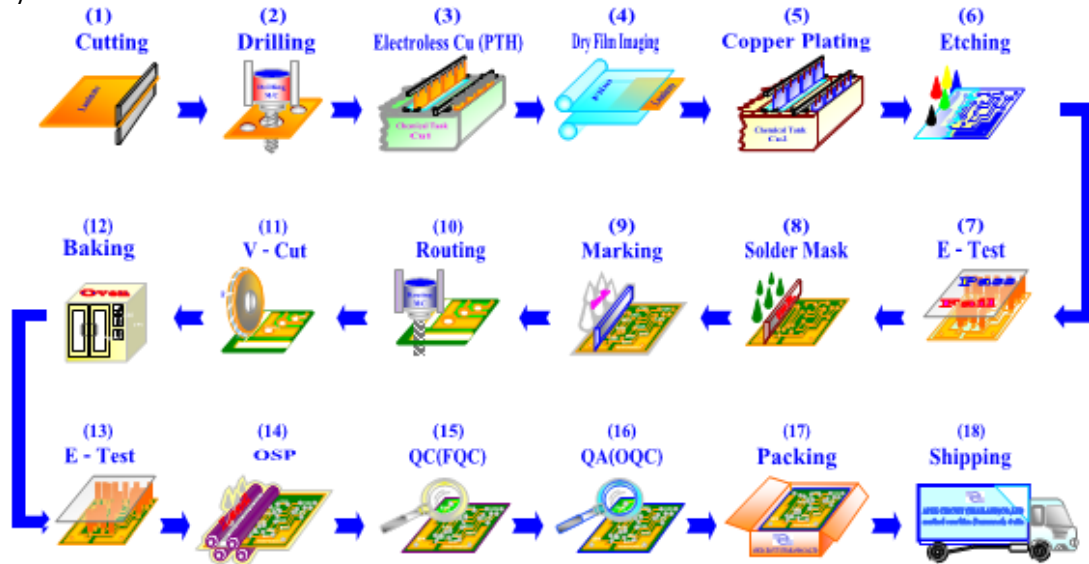
Applications in End Products			
Electronic Products	Computer Accessories	Communications Equipment	Auto Parts
DVD, LCD TV, fax machine, air conditioner, digital camera, projector, photocopier, TV tuner, voltage converter	DVD player, recorder, printer, power supply, hard drive, motherboard, TFT panel, notebook	phone, communication box, satellite TV receiver, switch box	car audio, control panel and other accessories

2. Production processes

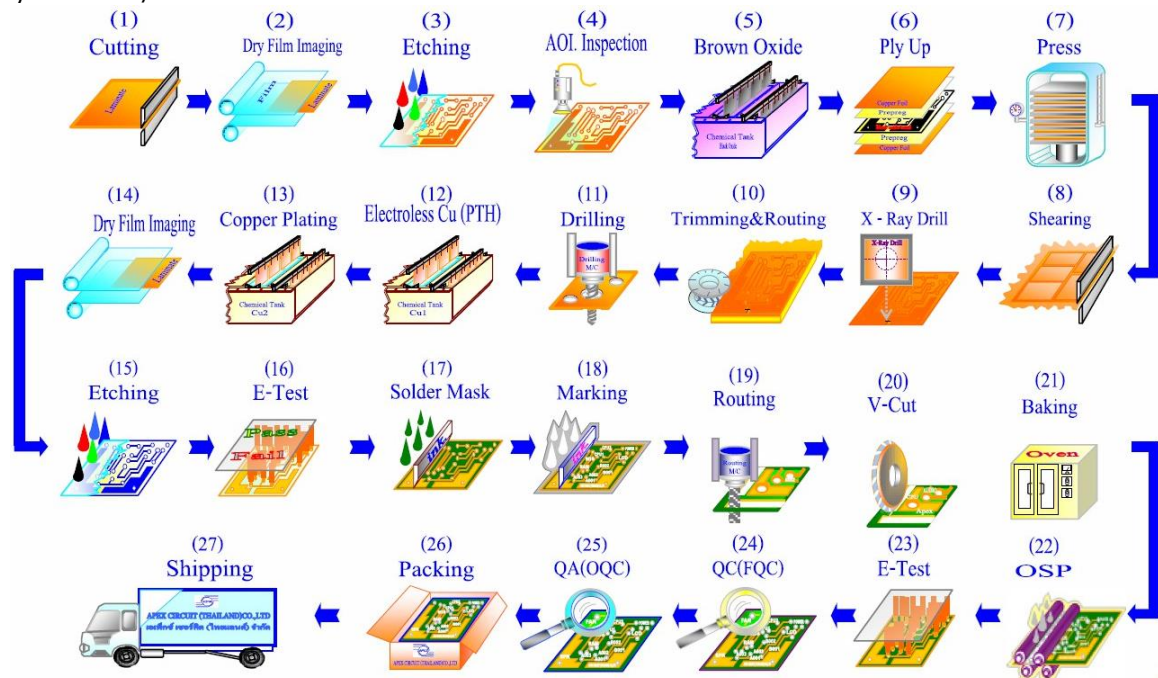
(1) Single Side boards



(2) Double Side boards



(3) Multi-Layer boards



5.2.3 Supply of main raw materials

Apex is a PCB manufacturer. The main raw materials needed are substrates, copper foil and prepreg which are not special materials and can be obtained from a completely competitive market. The price can also appropriately reflect the market conditions of the information of electronics industry. The procurement decision mainly considers the quality and cost. The main suppliers includes Taiyo Ink, Nan Ya Plastics, Western, and King Board Chemical. These are all major suppliers with a good reputation. Apex has good credit and has kept a decent and stable supply-demand relationship with these suppliers. Therefore, the supply and prices of major raw materials remains stable and normal.

5.2.4 Names of clients accounting for over 10% of Apex's annual sales in the two most recent years, their purchase amounts and ratios, and reasons of changes of purchased quantities
Main Customers

Unit: NT\$ thousand

No.	2020				2021			
	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer
1	Customer S	1,378,065	11.65%	none	Customer S	2,313,364	15.63%	none
2	Customer A	1,033,074	8.73%	none	Customer G	1,976,964	13.35%	none
3	Customer C	907,305	7.67%	none	Customer C	1,537,104	10.39%	none
	Others	8,514,069	71.95%	none	Others	8,973,251	60.63%	none
	Total	11,832,513	100.00%		Total	14,800,683	100.00%	

Note: As of the date of the annual report, there are no financial statements as audited or reviewed by CPA.

Description of the amount changes of main customers: Change of each customer was mainly because of their own performance changes and Apex has new capacity to service customers.

Main Suppliers

Unit: NT\$ thousand

No.	2020				2021			
	Name	Amount	Ratio to total Purchases (%)	Relation with Issuer	Name	Amount	Ratio to total Purchases (%)	Relation with Issuer
1	Vendor K	1,815,848	26.94%	none	Vendor K	2,528,576	24.40%	none
2	Vendor J	530,329	7.87%	none	Vendor N	1,377,345	13.29%	none
3	Vendor C	461,930	6.85%	none	Vendor C	1,008,516	9.73%	none
4	Vendor N	439,876	6.52%	none	Vendor J	728,290	7.03%	none
	Others	3,493,151	51.82%	none	Others	4,719,724	45.55%	none
	Net Purchases	6,741,134	100.00%	-	Net Purchases	1,362,452	100.00%	-

Note: As of the date of the annual report, there are no financial statements as audited or reviewed by CPA.

Description of changes of main suppliers:

Changes of main suppliers is mainly due to APEX 3 starting to operate in 2021 Q3 and the supplier's price, quality, degree of compliance and trading conditions and other factors, resulting in changes in purchase amount and target.

5.2.5 Production value in the most recent two years

Unit: square meter, NT\$ thousand

Year	2020			2021		
	Production Capacity	Production	Output Value	Production Capacity	Production	Output Value
Main Product						
Single Sided Board	1,127,000	1,170,867	545,332	1,206,000	1,175,702	724,710

Year	2020			2021		
Production Value Main Product	Production Capacity	Production	Output Value	Production Capacity	Production	Output Value
Double Side Board	1,667,000	1,629,093	1,724,981	3,531,000	3,422,521	6,003,899
Multi-layer Board	4,345,000	4,291,797	7,258,995	4,006,000	4,071,156	11,106,555
Total	7,139,000	7,091,757	9,529,308	8,743,000	8,669,379	17,835,164

5.2.6 Sales in the most recent two years

Unit: square meter, NT\$ thousand

Year	2020				2021			
Sales Value Main Product	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Single Sided Board	830,908	469,204	224,638	101,622	836,876	482,135	266,347	128,040
Double Sided Board	242,311	477,004	1,114,890	1,806,629	337,873	642,562	2,434,547	4,165,153
Multi-Layer Board	427,234	1,305,501	3,144,257	7,649,374	525,456	1,618,655	2,848,684	7,700,623
Others	-	15,877	-	7,302	-	10,000	-	53,515
Total	1,500,453	2,267,586	4,483,785	9,564,927	1,700,205	2,753,352	5,549,578	12,047,331

Note: Others include processing services provided, including plating and trimming, and purchasing molds for new parts and consumables for customers.

5.3 Employee Profile

Employee statistics in the past two years up to publication date

Unit: person, year, %

Year	2020	2021	Mar. 31, 2022	
Number of Employees	Managers	103	94	109
	Production departments	4,666	5,722	5,469
	Common employees	2,606	2,850	2,840
	Total	7,375	8,666	8,418
Average age		29.93	29.60	29.80
Average length of service		3.97	3.60	3.70
Education Level	Ph.D.	0.00%	0.00%	0.00%
	Master	0.57%	0.16%	0.19%
	University	5.90%	6.28%	6.24%
	Senior high school	92.56%	91.15%	91.24%
	Below senior high school	0.98%	2.41%	2.33%

5.4 Environmental Protection Expenses

Total amount of damages (including compensation) and fines resulted from environmental contamination in the most recent year and as of the date of this annual report: None

5.5 Labor-Management Relations

5.5.1 Employee welfare measures, continuing education, training, retirement system and their implementation, and labor-management agreements and protective measures for employees' rights and interests

1. Employees welfare system

- (1) Multiple shuttle bus routes providing transportation for employees to go to work and go home
- (2) Employee uniforms
- (3) Employee cafeterias providing three meals a day
- (4) Full attendance rewards
- (5) Sickness and funeral subsidies
- (6) Employee loans
- (7) Annual employee athletic events and parties
- (8) Senior employee citations and awards
- (9) Special treatment to pregnant employees

2. Continuing education and training

Good employee continuing education programs can not only enhance employees' work capacity but also help the Company attract talents. From the first day employees enter the Company, Apex provides complete training courses and continuing education programs to cultivate their sense of belonging and teamwork culture. Apex also encourages employees to participate in special project planning to stimulate their self-expectations and thus enhance the Company's competitiveness.

Apex Group's employee training achievements in 2021 are as follows :

- (1) Internal training: It is divided into new employee training, transfer training and on-the-job training; all the accomplishment rates reached over 95%.
- (2) External training: According to type of program, it is divided into law/regulation, quality system, quality and efficiency, attitude adjustment, leadership, others, external training, output plan, CSR and courses regulated by competent authority.

3. Retirement system and implementation

The employ retirement system is conducted in accordance to local regulations.

- (1) Thailand area: The Company provides defined benefit retirement welfare to employees by following Section 118, Chapter 11 of the Thai Labor Protection Act. Employees who are qualified to criteria of retirement could get reasonable retirement fund with correspondent service years and salary level. The Company has booked related liability according to actuarial report issued by Thai certificated actuary.
- (2) Taiwan area: Employees in Taiwan all adapt Taiwan Labor Pension Act. The Company allocates 6% of each employee's salary to personal retirement fund under custody of Taiwan Bureau of Labor Insurance.

4. Protective measures for employees' rights and interests

Harmonious and pleasant workplace ambiance is an important condition for effective teamwork. To ensure smooth exchanges of ideas between the management team and employees and achievement of consensus, Apex has

always regarded reasonable pay scales, decent work environments and effective communication channels as priority tasks. Apex Group adopts the following measures to communicate with employees:

- (1) The suggestion box: Employees can make their suggestions and problems known to the management team by using the suggestion box.
- (2) Weekly meetings: Apex round up all the employees once a week to convey company policies to employees to make sure consensus is achieved and all employees move toward the same goal.
- (3) Regular convention of inter-division meetings: Apex's Employee Welfare Committee helps with the protection of employees' rights and interests to ensure the win-win target of mutual trust and mutual benefit between labor and management can be achieved.

The labor-management relations in Apex are harmonious. No labor-management dispute has ever happened. Apex highly values employees' welfare, pays attention to changes in the subjective and objective environments and establishes various welfare measures accordingly to satisfy the needs of employees.

5. Protective measures for work environments and employees' safety

Apex Group has set up a safety division which regularly inspects whether the work environments comply with safety regulations to minimize workplace safety hazards. Apex Group also regularly provides employees with physical checkups, hoping that they can be aware of their health condition and employees' physical and mental health can be improved. Apex's subsidiary APT has also passed the ISO 45001 certification because of the fine healthy and safe work environment it created.

6. Code of ethical conduct

Apex has "Ethical Corporate Management Best Practice Principles" and its guidance policy to stipulate the types of unethical conduct, improper benefits and the whistleblower channel for both insiders and outsiders. All Apex workers are requested to act in accordance with business ethics and their responsibility to the public and stakeholders. At the same time, the members of the board of directors and the management all carry out their duties with integrity and fulfill their obligations as good managers. They also abide by the code of conduct for directors and managers and adopt strict self-discipline and cautious attitudes when exercising their duties.

5.5.2 Damages suffered as a result of labor-management disputes in the most recent year and as of the date of this annual report, and estimates of damages from labor-management disputes likely to take place recently and in the future and the corresponding countermeasures and reasons if such damages estimated cannot be established: None

5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Framework

Responsible department of this topic is our MIS department. There is a responsible section set up under MIS to handle safety of internet/intranet and information environment safety. The dedicated position at present is manager in charge of risk evaluation of cyber security, hardware set-up of IT environment, policy if use of computers, management of cyber security and internal training. The internal Audit department takes the role of monitoring and inspecting, and periodically prepares a summary of the audit report to the Board based on the internal audit plan. In every year, external accounting auditors also execute audit of information environment.

5.6.2 Cyber Security Policies

MIS executes risk evaluation of potential disasters and set up relative policies and

procedures for internal employees and external visitors. Preset policies and procedures are: use of computers, management of internet/intranet environment, back-up plan and disaster management etc.

5.6.3 Concrete Management Programs

Set up appropriate fire walls, to control and inspect in-out records of use of internet/intranet, sharing files, application software etc. for specific environments of work or production, to isolate them and set up different security level to control them. Assign external institution to review our system and take their advisory for reference. Provide training and promotion to employees to enhance concepts of cyber security and relative news to employees to prevent security issues.

5.6.4 Investments in Resources for Cyber Security Management

Invested on hardware equipment of new working or production areas. For old areas, we reviewed the volume of flows and inspection volume, to upgrade security level and equipment spec constantly in order to satisfy un-stopping demand of growth and improvement. We also invested on firewall installment and relative software, advisory from external institutions and upgrade software for higher security control. We also injected resource on employee training and hardware environment of education.

5.6.5 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None

5.7 Important Contracts

Supply and sales contracts, engineering contracts, long-term loan contracts and other important contracts able to affect the rights and interests of shareholders that are currently valid or expired in the most recent year are as follows:

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term loan contract	Far Eastern International Bank Co., Ltd.	2020.10.21~2022.10.21	Long-term loans	Need to maintain a certain financial ratio of financial statements
Syndicated loan	First Commercial Bank Co., Ltd. and Leading Bank	2019.10.22~2022.10.22	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Taiwan Shin Kong Commercial Bank Co., Ltd.	2020.11.18~2022.11.18	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	EnTie Commercial Bank Co. Ltd.	2021.01.21~2023.01.21	Long-term loans	Need to maintain a certain financial ratio of financial statements

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term loan contract	Bank Sinopac Co., Ltd.	2021.07.06~2023.07.31	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Mega International Commercial Bank Co., Ltd.	2021.08.18~2023.08.17	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Shanghai Commercial & Savings Bank, Ltd.	2020.09.16~2023.09.16	Long-term loans	None
Long-term loan contract	KGI Commercial Bank Co., Ltd.	2021.09.28~2023.09.28	Long-term loans	None
Long-term loan contract	First Commercial Bank Co., Ltd.	2021.11.05~2023.11.05	Long-term loans	None
Long-term loan contract	Taichung Commercial Bank co., Ltd.	2022.02.24~2024.02.24	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Bank of Panhsin	2022.03.14~2024.03.14	Long-term loans	None
Short-term loan contract	Bangkok Bank Public Co., Ltd.	1. Effective from 2002.07.10 2. Effective from 2003.09.23 3. Effective from 2007.12.18	Short-term credit of financing facilities	Need to maintain a certain financial ratio of financial statements
Forward Contract	Bangkok Bank Public Co., Ltd.	Effective from 2014.07.17	Short-term credit of financing facilities	Need to maintain a certain financial ratio of financial statements
Short-term loan contract	Bangkok Bank Public Co., Ltd.	Effective from 2018.09.07	Short-term credit of financing facilities	Reduced credit line
Long-term loan contract	Bangkok Bank Public Co., Ltd.	78 months from 2014.07.17	Long-term loans	Need to maintain a certain financial ratio of financial statements
Forward Contract	Bangkok Bank Public Co., Ltd.	Effective from 2019.03.14	Forward Contract	None
Long-term loan contract	Bangkok Bank Public Co., Ltd.	1. 60 months from 2020.10.14 2. 60 months from 2020.10.14 3. 60 months from 2020.10.14 4. 60 months from 2020.10.14 5. 60 months from 2020.10.14	Long-term loans	Need to maintain a certain financial ratio of financial statements
Forward Contract	Bangkok Bank Public Co., Ltd.	Effective from 2020.10.14	Forward Contract	None

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Short-term loan contract	Kasikorn Bank Public Co., Ltd.	1. Effective from 2006.10.19 2. Effective from 2012.09.10 3. Effective from 2014.03.31 4. Effective from 2014.09.12 5. Effective from 2015.10.09 6. Effective from 2016.07.26 7. Effective from 2016.12.19	Short-term credit of financing facilities	Need to maintain a certain financial ratio of financial statements
Short-term loan contract	Kasikorn Bank Public Co., Ltd.	Effective from 2019.02.18	Short-term credit of financing facilities	None
Forward Contract	Kasikorn Bank Public Co., Ltd.	Effective from 2019.02.18	Forward Contract	None
Short-term loan contract	TMB Bank Public Co., Ltd.	Effective from 2018.11.07	Short-term credit of financing facilities	Increased credit line
Long-term Loan contract	TMB Bank Public Co., Ltd.	Effective from 2019.04.24	Long term loans	Need to maintain a certain financial ratio of financial statements
Long-term Loan contract	TMB Bank Public Co., Ltd.	Effective from 2020.11.19	Long term loans	Need to maintain a certain financial ratio of financial statements
Short-term loan contract	Siam Commercial Bank Public Co., Ltd.	Effective from 2015.04.02 Effective from 2019.04.22	Short-term credit of financing facilities	None
Long-term loan contract	Bank of Ayudhaya Public Co., Ltd.	1. Effective from 2018.01.22 2. 48 months from 2018.04.26 3. 48 months from 2018.09.12 4. 48 months from 2018.12.12	Long term loans	None
Short-term loan & Derivative contract	Bank of Ayudhaya Public Co., Ltd.	Effective from 2021.06.24	Credit line of short-term financing facilities	None
Syndicated loan	E. Sun Commercial Bank Ltd.	Effective from 2020.11.25	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Land and Houses Bank Public Co., Ltd.	Effective from 2020.08.20	Long-term loans	None
Long-term loan contract	Land and Houses Bank Public Co., Ltd.	Effective from 2021.04.28	Long-term loans	None

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term loan contract	Mega International Commercial Bank PCL	Effective from 2021.03.02	Long-term loans	Need to maintain a certain financial ratio of financial statements
Engineering contract	Fah Chun Development Co., Ltd.	2018.12.01~2019.02.15; 2 years or 5 years warranty depending on the content and scope of the warranty	Interior modification of the factory building	None
Engineering contract	Kertiri Co., Ltd.	2018.10.31~2018.12.30; 1 year or 5 years warranty depending on the content and scope of the warranty	QA Lab Interior modification of the factory building	None
Engineering contract	Kertiri Co., Ltd.	2018.10.20~2018.11.30; 1 year or 5 years warranty depending on the content and scope of the warranty	Business office modification of the factory building	None
Engineering contract	Kertiri Co., Ltd.	2018.07.10~2018.01.31; 1 year or 5 years warranty depending on the content and scope of the warranty	Phra Brahma God house Building construction	None
Engineering contract	Fah Chun Development Co., Ltd.	2020.01.20~2021.05.20; warranty depending on the content and scope	Office and Factory Project (Apex 3)	None
Engineering contract	AKA Co., Ltd.	2020.05.15~2021.06.15; warranty depending on the content and scope	Mechanical & Electrical Project (Apex 3)	None
Engineering contract	Fah Chun Development Co., Ltd.	2020.09.01~2021.05.31; 1 year or 5 years warranty depending on the content and scope of the warranty	NEW FACTORY Project (Apex 3)	None
Engineering contract	ACTER TECHNOLOGY CO., LTD.	2020.09.04~2021.01.31; 1 year or 5 years warranty depending on the content and scope	Construction EPC Work Factory Project (Apex 3)	None
Engineering contract	THAI PANEL WALL COMPANY LIMITED	2021.12.01~2021.05.31; 1 year warranty depending on the content and scope	ISO Wall installation Project (Apex 3)	None
Engineering contract	Fah Chun Development Co., Ltd.	2020.10.01~2021.02.01; 2 year warranty depending on the content and scope	NEW INNER HOT PRESS PHASE 4 Project (Apex 2)	None

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Engineering contract	GLOBAL NETWORK TECHNOLOGIST CO., LTD.	2020.11.15~2021.04.14; 1 year warranty on the content and scope	DATA PROTECTION SOLUTIONS Project(Apex 2)	None
Engineering contract	Fah Chun Development Co., Ltd.	2021.10.01~2022.07.01; 2 years or 5 years warranty depending on the content and scope of the warranty	Water tank system and waste water tank	None
Engineering contract	Fah Chun Development Co., Ltd.	2021.09.17~2021.11.30; 2 years or 5 years warranty depending on the content and scope of the warranty	Additional work new factory project of apex3	None
Engineering contract	AKA Co., Ltd.	2021.09.01~2021.10.31; 2 years or 5 years warranty depending on the content and scope of the warranty	Electrical System for APEX3	None
Engineering contract	AKA Co., Ltd.	2021.09.08~2022.05.25; 2 years or 5 years warranty depending on the content and scope of the warranty	Construction particularly for Substation 115kv the project	None
Engineering contract	ACTER TECHNOLOGY CO., LTD.	2020.09.04~2021.08.20; 2 years or 5 years warranty depending on the content and scope of the warranty	Mechanical engineering, procurement and construction EPC work	None
Engineering contract	ACTER TECHNOLOGY CO., LTD.	2020.09.04~2021.08.30; warranty depending on the content and scope	Addition and Modification Work of APEX3 Factory	None
Engineering contract	S.K.Y Fire engineering co., ltd.	2021.04.29~2026.04.28; warranty depending on the content and scope	Fire protection system Apex1	None

6. Financial Overview

6.1 Five-Year Financial Summary

6.1.1 The condensed balance sheet from 2017 to 2021 - established according to IFRS

Unit: NT\$ thousand

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		4,834,332	5,815,440	5,069,495	6,925,804	9,065,976
Fixed Assets		6,319,396	6,260,130	6,067,841	7,516,542	10,149,438
Intangible Assets		16,280	37,879	34,924	188,097	168,418
Other Assets		61,105	27,728	135,647	339,984	288,372
Total Assets		11,231,113	12,141,347	11,808,892	15,268,362	19,795,423
Current Liabilities	Before Allocation	4,809,445	5,270,098	3,471,721	5,244,657	8,894,604
	After Allocation	4,809,445	4,804,862	2,901,922	4,674,843	(Note 3)
Non-current liabilities		2,018,316	862,354	891,682	2,362,734	3,471,138
Total Liabilities	Before Allocation	6,827,761	6,132,452	4,363,403	7,607,391	12,365,742
	After Allocation	6,827,761	5,667,216	3,793,604	7,037,577	(Note 3)
Shareholders' Equity Attributable to Parent		4,379,472	5,981,293	7,412,478	7,624,632	7,396,475
Share Capital		1,445,180	1,702,295	1,890,409	1,899,380	1,899,380
Capital Reserves		1,652,256	1,944,448	2,396,626	2,405,512	2,405,512
Retained Earnings	Before Allocation	1,499,002	2,331,889	2,697,167	3,325,984	4,140,552
	After Allocation	1,499,002	1,866,653	2,127,368	2,765,170	(Note 3)
Other Equity		(216,966)	2,661	428,276	(6,244)	(1,048,969)
Treasury Shares		-	-	-	-	-
Non-controlling Equity		23,880	27,602	33,011	36,339	33,206
Total Equity	Before Allocation	4,403,352	6,008,895	7,445,489	7,660,971	7,429,681
	After Allocation	4,403,352	5,543,659	6,875,690	7,091,157	(Note 3)

Note 1: The data for 2017~2021 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: As of the date of the annual report, there are no financial statements as audited or reviewed by a CPA.

Note 3: Allocation of 2021 earnings was already proposed by the board of directors on March 31, 2022 but is yet to be approved by the shareholders' meeting.

6.1.2 The condensed income statement from 2017 to 2021

Unit: NT\$ thousand (Except EPS: NT\$)

Item	Year	Financial Summary for The Last Five Years (note 1)				
		2017	2018	2019	2020	2021
Operating Revenue		10,395,323	11,175,098	10,387,249	11,832,513	14,800,683
Gross Profit		1,084,476	1,820,671	1,970,007	2,507,501	3,118,965
Operating profit		90,884	834,539	840,789	1,194,111	1,477,408
Non-operating income and expenditure		18,237	6,023	5,116	44,566	(41,380)
Net Profit before Tax		109,121	840,562	845,905	1,238,677	1,436,028
Current Year's Net Profit from Continuing Operations		78,444	833,058	830,650	1,203,755	1,383,882
Loss from Discontinued Operations		-	-	-	-	-
Current Year's Net Profit/Loss		78,444	833,058	830,650	1,203,755	1,383,882
Current Year's Other Comprehensive Income (after-tax net amount)		83,300	224,033	430,888	(436,346)	(1,040,596)
Total Current Year's Comprehensive Income		161,744	1,057,091	1,261,538	767,409	343,286
Net Profit Attributable to Parent		78,000	829,425	827,051	1,198,609	1,377,897
Net Profit Attributable to Non-controlling Interest		444	3,633	3,599	5,146	5,985
Total Comprehensive Income Attributable to Parent		160,924	1,052,514	1,256,129	764,096	341,657
Total Comprehensive Income Attributable to Non-controlling Interest		820	4,577	5,409	3,313	1,629
Earnings per Share		0.59	5.45	4.46	6.31	7.25

Note 1: The data for 2017~2021 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: As of the date of the annual report, there are no financial statements as audited or reviewed by a CPA.

6.1.3 CPAs auditing and certifying financial statements in the most recent five years and their opinions

Year	Accounting Firm	CPA	Opinion
2017	KPMG Accounting Firm	Min-Ju Chao and Ya-Lin Chen	Unqualified opinion
2018	KPMG Accounting Firm	Min-Ju Chao and Ya-Lin Chen	Unqualified opinion
2019	KPMG Accounting Firm	Min-Ju Chao and Chun-Shiu Kuang	Unqualified opinion
2020	KPMG Accounting Firm	Min-Ju Chao and Chun-Shiu Kuang	Unqualified opinion
2021	KPMG Accounting Firm	Min-Ju Chao and Chun-Shiu Kuang	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial analysis from 2017 to 2021

Analysis Item (Note 3)		Year	Financial Summary for the Last Five Years (Note 1)				
		2017	2018	2019	2020	2021	
Financial Structure (%)	Liabilities-to-assets ratio	60.79	50.50	36.95	49.82	62.46	
	Ratio of long-term funds to fixed assets	101.61	109.76	137.39	133.36	107.40	
Debt-paying Ability (%)	Current ratio	100.51	110.34	146.02	132.05	101.92	
	Quick ratio	71.59	78.99	94.14	89.58	59.90	
	Interest earned ratio (times)	1.95	9.16	13.03	33.02	32.73	
Management Capacity	Accounts receivable turnover rate (time)	3.65	3.32	3.17	3.59	3.66	
	Average collection days	100.00	109.93	115.14	101.67	99.72	
	Inventory turnover rate (time)	6.04	5.78	4.54	4.35	3.73	
	Accounts payable turnover rate (time)	3.09	3.03	3.07	3.55	3.38	
	Average inventory turnover days	60.43	63.14	80.39	83.90	97.85	
	Fixed assets turnover rate (time)	1.64	1.77	1.68	1.74	1.67	
	Total assets turnover rate (time)	0.93	0.95	0.86	0.87	0.84	
Profitability	Return on assets (%)	1.53	7.83	7.40	9.12	8.09	
	Return on equity (%)	1.86	16.00	12.34	15.94	18.34	
	Ratio of before-tax net profit to paid-in capital (%)	7.55	49.37	44.74	65.21	75.60	
	Net profit ratio (%)	0.75	7.45	7.99	10.17	9.35	
	Earnings per share (NTD)	0.59	5.45	4.46	6.31	7.25	
Cash Flow	Cash flow ratio (%)	19.15	16.33	37.01	37.48	12.65	
	Cash flow adequacy ratio (%)	46.37	66.05	74.11	86.74	62.40	
	Cash reinvestment ratio (%)	8.15	7.72	6.12	9.07	3.40	
Leverage	Operating leverage	7.85	1.80	1.88	1.64	1.55	
	Financial leverage	(3.87)	1.14	1.09	1.03	1.03	

Describe the causes of various financial ratio changes in the two most recent years (increases or decreases less than 20% can be excluded)

1. Liabilities-to-assets ratio, Current ratio, Quick ratio: The current liabilities and the total liabilities increased in 2021 due to material procurement and capital expenditure. These two reasons lead to an increase in the balance of liabilities accounts such as accounts payable, long-term and short-term loans, and accounts payable, causing these ratios to rise.
2. Cash flow ratio, Cash flow adequacy ratio, Cash reinvestment ratio: In 2021, APEX 3 was completed and put into operation to contribute to the revenue. Therefore, the company increased inventories to produce and sell, which resulted in a decrease in cash inflow from operating activities. In addition, due to the completion of APEX 3, the payment amount of capital expenditure and the balance of fixed assets are increasing at the same time, thus causing these ratios to drop.

Note 1: The data for 2016~2020 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: As of the date of the annual report, there are no financial statements as audited or reviewed by a CPA.

Note 3: Glossary:

1. Financial structure
 - (1) Liabilities-to-assets ratio= $\text{total liabilities} / \text{total assets}$
 - (2) Ratio of long-term funds to fixed assets= $(\text{total shareholders' equity} + \text{non-current liabilities}) / \text{net fixed assets}$
2. Debt-paying ability
 - (1) Current ratio= $\text{current assets} / \text{current liabilities}$
 - (2) Quick ratio= $(\text{current assets} - \text{inventory} - \text{prepaid expenses}) / \text{current liabilities}$
 - (3) Interest earned ratio (times)= $\text{net income before tax and interest expense payment} / \text{current year's interest expenses}$
3. Management capacity
 - (1) Accounts receivable turnover ratio (including accounts receivable and notes receivable resulted from business operation) = $\text{net sales} / \text{average balance of accounts receivable (including accounts receivable and notes receivable resulted from business operation)}$
 - (2) Average collection days= $365 / \text{accounts receivable turnover ratio}$
 - (3) Inventory turnover ratio= $\text{cost of goods sold} / \text{average inventory}$
 - (4) Accounts payable turnover ratio (including accounts payable and notes payable resulted from business operation)= $\text{cost of sales} / \text{average balance of accounts payable (including accounts payable and notes payable resulted from business operation)}$
 - (5) Average inventory turnover days= $365 / \text{inventory turnover ratio}$
 - (6) Fixed assets turnover ratio= $\text{net sales} / \text{net fixed assets}$
 - (7) Total assets turnover ratio= $\text{net sales} / \text{total assets}$
4. Profitability
 - (1) Rate of return on assets= $[\text{after-tax income} + \text{interest expenses} * (1 - \text{tax rate})] / \text{total assets}$
 - (2) Rate of return on equity= $\text{after-tax income} / \text{total equity}$
 - (3) Net profit ratio= $\text{after-tax income} / \text{net sales}$
 - (4) Earnings per share= $(\text{income attributable to parent} - \text{preferred share dividends}) / \text{weighted average number of shares}$
5. Cash flow
 - (1) Cash flow ratio= $\text{cash flow from operating activities} / \text{current liabilities}$
 - (2) Net cash flow adequacy ratio= $\text{cash flow from operating activities in the five most recent years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividends})$ in the five most recent years

(3) Cash reinvestment ratio= (cash flow from operating activities-cash dividends)/gross fixed assets + long-term investments + other non-current assets + operating funds)

6. Leverage

(1) Operating leverage= (net operating revenue-variable operating costs and expenses)/operating income

(2) Financial leverage=operating income/(operating income-interest expenses)

6.3 Audit Committee Report in the Most Recent Year

Apex International Company Limited

Audit Committee's Review Report

Board of Directors has prepared the Company's 2021 Business Report, Consolidated Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Consolidated Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by Audit Committee members of the Company. According to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

Apex International Co., Ltd.

Chairman of Audit Committee: **Chau-Chin Su**



Date: March 31, 2022

6.4 The Financial Statement for the Most Recent Year

Please refer to Annual Report Appendix Financial Statements.

6.5 CPA-Audited/Certified Individual Financial Statements in the Most Recent Year Not applicable

6.6 The Impact on Company Finance from Cash Flow Problems Encountered by the Company or any of its Affiliates None

7. Review and Analysis of Financial Status and Performance and Risks

7.1 Financial Status

Main causes of significant asset, liability and shareholders' equity changes in the two most recent years and their impact

Unit: NT\$ thousand

Item	Year	2020	2021	Difference	
				Amount	%
Current Assets		6,925,804	9,065,976	2,140,172	30.90%
Net Fixed Assets		7,516,542	10,149,438	2,632,896	35.03%
Intangible Assets		188,097	168,418	(19,679)	(10.46%)
Other Assets		339,984	288,372	(51,612)	(15.18%)
Total Assets		15,268,362	19,795,423	4,527,061	29.65%
Current Liabilities		5,244,657	8,894,604	3,649,947	69.59%
Non-current liabilities		2,362,734	3,471,138	1,108,404	46.91%
Total Liabilities		7,607,391	12,365,742	4,758,351	62.55%
Share Capital		1,899,380	1,899,380	0	0.00%
Capital Reserves		2,405,512	2,405,512	0	0.00%
Retained Earnings		3,325,984	4,140,552	814,568	24.49%
Total Shareholders' Equity		7,660,971	7,429,681	(231,290)	(3.02%)

Note: 2020 and 2021 financial statements on IFRS are already audited and certified by CPAs.

Explanation for changes that exceed 20% and reached NT\$ 10 million or above in the past two years:

1. Increase of Current Assets: Mainly because of the sales growth in 2021 and for the production and sale in 2022, resulted in the increase in accounts receivable and inventory.
2. Increase of Net Fixed Assets: Mainly because of the expansion of the Apex 3 starting at the end of 2019. In 2021, it has been completed and put into operation, which resulted in the increase of net fixed assets.
3. Increase of Total Assets: Mainly due to the increase in current assets and net fixed assets.
4. Increase of Current Liabilities: Mainly due to purchase more materials and machinery and equipment, which resulted in the increase in accounts payable, short-term loans, payable for equipment and long term loan within one year in 2021.
5. Increase of Non-current Liabilities: Mainly due to the increase in long-term borrowings caused by capital expenditure paid in 2021.
6. Increase of Total Liabilities: Mainly due to the accounts payable, long-term and short-term loans and the payable for machinery and equipment is increased.
7. Increase of Retained Earnings: Mainly because of the increase of net profit in 2021.

7.2 Financial Performance

7.2.1 Main causes of significant operating revenue, net profit and before-tax net profit changes in the two most recent years

Unit: NT\$ thousand

Item	Year	2020	2021	Amount of increases or Decrease	Ratio of Change %
Net Operating Revenue		11,832,513	14,800,683	2,968,170	25.08%
Operating Costs		9,325,012	11,681,718	2,356,706	25.27%
Gross Operating Profit		2,507,501	3,118,965	611,464	24.39%
Operating Expenses		1,313,390	1,641,557	328,167	24.99%
Operating Income		1,194,111	1,477,408	283,297	23.72%
Non-operating Revenue and Expenditure		44,566	(41,380)	(85,946)	(192.85%)
Before-tax Net Profit		1,238,677	1,436,028	197,351	15.93%
Income Tax		34,922	52,146	17,224	49.32%
Net Profit for the Year		1,203,755	1,383,882	180,127	14.96%
Other Comprehensive Income		(436,346)	(1,040,596)	(604,250)	138.48%
Comprehensive Income		767,409	343,286	(424,123)	(55.27%)

Note: 2020 and 2021 financial statements on IFRS are already audited and certified by CPAs.

Explanation for changes that exceed 20% and reached NT\$ 10 million or above in the past two years:

1. Increase in the Net Operating Revenue, Operating Costs, Gross Operating Profit and Operating Income: While the external environment continues to be impacted by COVID 19, APEX operating revenue still benefits from many factors such as new production capacity, stay at home economy, communication network and new Mini Led products, which continue to push up operating revenue in 2021, higher than that in 2020. In terms of operating costs, APEX not only continues to battle COVID 19 to keep production stable, but also continues to control and improve manufacturing costs in response to rising material costs. The effectiveness of operating cost control and the economic benefits of expanding production lead to continued profit growth in 2021.
2. Increase in Operating Expenses : Mainly due to the increase in operating revenue and the increase costs to fight against COVID-19.
3. Increase in the Non-Operating Revenue and Expenditure: Mainly due to exchange loss from exchange rate fluctuations
4. Increase in the Income Tax: Mainly due to the increase of 2021 profit.
5. Decrease in Other comprehensive Income, Comprehensive Income: Mainly due to the depreciation of the Thai baht in 2021 compared to the New Taiwan dollar resulted in an increase in the exchange loss of financial statements of the foreign operating organization compared to last year.

7.2.2 Effect of changes on the company's future business:

1. Apex 3 has been built well and run production to contribute revenues in 2021 Q3. The maximum production capacity is estimated to be expanded to 400,000 square meters per month, and to meet the diverse requirements of customers.
2. Apex will keep stabilizing factory operation and cost control by foreseeing possible sales price competition caused by competitors. Meanwhile, Apex will work hard to

maintain competitiveness to service current customers and progressively develop new customers. Although global demand is unstable caused by the pandemic, inflation and geopolitical conflict, we are optimistic of the demand and anticipate revenue could grow in 2022.

7.2.3 Likely influence on company finance in the future and contingency plans:

Apex is expected to maintain a stable level of profitability in 2022. Therefore, the Company's financing method will use our own funds and bank borrowings as sources. It is expected that major financial risks will not occur. The Company will strive to manage and control risks earlier and maintain operation stable.

7.3 Cash Flow

7.3.1 Analysis of cash flow changes in the most recent year

Unit: NT\$ thousand

Item	Year	2020	2021	Ratio of Increase (Decrease) %
Operating Activities		1,965,551	1,125,798	(42.72)
Investment Activities		(2,228,129)	(3,732,575)	67.52
Fundraising Activities		945,023	2,815,342	197.91

Explanation for major changes of item:

1. Decrease of cash inflow from Operating Activities: Mainly because the purchase growth led to more cash outflow in 2021.
2. Increase of cash outflow from Investment Activities: Mainly because the expansion of the Apex 3 and increase of additional machinery and equipment in 2021.
3. Increase of cash inflow from Financing Activities: Mainly because the expansion of the Apex 3 and increase of additional machinery and equipment in 2021, the long-term and short-term loans increased.

7.3.2 Remedy for Cash Deficit and Liquidity Analysis: Apex Group's consolidated cash flow is positive and the business condition is good; therefore, liquidity shortage remedy is not required.

7.3.3 Analysis of cash liquidity in the coming year

Unit: NT\$ million

Opening Cash Balance (1)	Net Cash Flow from Operating Activities in the Year (2)	Other Cash Inflows (Outflows) (including exchange influence) (3)	Cash Balance (Shortage) (1)+(2)-(3)	Remedial Measures for Cash Shortages	
				Investment Plan	Financial Plan
660	3,963	(4,342)	281	-	Bank loans

1. Analysis of changes in cash flow in the coming year:

- (1) Net cash inflow from Operating Activities mainly comes from business income.
 - (2) Other cash outflow is mainly caused by capital expenditure, cash dividend and bank loans.
2. Remedy and liquidity analysis of estimated shortfall of cash:
Estimated cash outflows in the coming year of Apex are mainly resulted from future payment of operating, dividends and bank loan for factory expansion.. In addition to cope with cash inflows from operating activities, bank loans will be applied when the cash balance is insufficient.

7.4 Influence on Financial Operations from Significant Capital Expenditure in the Most Recent Year

7.4.1 Purposes of significant capital expenditure and sources of funds

Unit: NT\$ million

Plan Item	Sources of Funds	Completion Date	Year	
			2021	2022
Upgrade automatic equipment	Operating funds and bank loans	2021 Q4	277	1
Phase II of Apex 2	Operating funds and bank loans	2020 Q4	298	69
Apex 3 plant facilities, machine and equipment	Operating funds and bank loans	2022 Q4	3,698	843

7.4.2 Expected Benefit

The investment of Apex 3 is divided into five stages, 3-1~3-3 are completed and start operation in 2021, 3-4~3-5 is expected to drive revenue and profit growth from 2022Q2.

7.5 Reinvestment Conducted in the Most Recent Year

Unit: NT\$ thousand

Item Description	Policy	Profit Amount Recognized	Main cause of profit gain or loss	Improvement Plan	Other Future Investment Plans
APT	Production and sales of PCB	1,419,721	Decent management and operating efficiency	None	None
AET	Supply chain Consolidation	(21)	Due to the depreciation of the US dollar led to the exchange loss.	Apex will continue to pay attention to exchange rate and also to avoid the risk of exchange rate fluctuations.	None
APS	Production and sales of PCB	(33,534)	Mainly affected by the COVID-19 and material cost rising, so the benefits have not yet appeared.	Externally, strengthen supplier management and transfer cost pressure to customer as much as possible. Internally, continue to control production costs and resist rising material pressure.	None
APSS	Expand PCB business	(670)	APSS is in the development stage of customers and suppliers, so the benefits have not yet appeared.	Continue to develop partnerships between customers and suppliers to increase their competitiveness.	None
APC	Supply chain consolidation	(19,486)	There is an export tax refund issue with the tax department, and the outcome is full of high	Continue to communicate with tax department; improve the tax refund review	None

Item Description	Policy	Profit Amount Recognized	Main cause of profit gain or loss	Improvement Plan	Other Future Investment Plans
			uncertainty. The estimated benefits of tax refund have not yet appeared.	mechanism. Hope to show the cost advantage of China supply chain as soon as possible to strengthen the Group's competitiveness.	

Investment plan for the next year: The Company expects that there is no major reinvestment plan in the coming year.

7.6 Risks

1. Influence of interest rate changes, exchange rate fluctuations and inflations on company gains and losses and future countermeasures:

(1) Influence of interest rate changes on company gains and losses in the most recent years and future countermeasures:

Apex's main interest income comes from bank deposit interests while the main interest expenses are bank loan interests. In 2021, Apex's interest income respectively accounted for 0.00% of Apex's annual operating revenue whereas the interest expenses respectively made up 0.31% of the operating revenues in that year. Such percentages are relatively low and therefore interest rate changes do not have any significant influence on the Company.

There are designated personnel in Apex's financial department to keep a close watch on interest rate changes and adjust fund utilization at the right time to avoid financial risk resulted from interest rate changes.

(2) Influence of exchange rate fluctuations on company gains and losses in the most recent years and future countermeasures:

The payments Apex Group receives are mainly in Thai baht and US dollar. Purchases are paid for mainly in US dollar, the second one is in Thai baht, only a small portion is settled in Japanese yen, Euro and Singapore dollar. In 2021 the net exchange profit was NT\$ 15,063 thousand, accounting for 0.10% of the operating revenue. The concrete measures taken by Apex's internal financial specialists to cope with risk from exchange rate fluctuations include the following:

- The financial department keeps a close watch on changes in the exchange market, collect related information and assess future tendencies to make currency exchanges and also evaluate the status of forward exchange contracts and foreign exchange options.
- Purchases and expenses are paid as much as possible in the same currency used for related sales items to achieve natural hedging.

(3) Influence of inflations on company gains and losses in the most recent years and future countermeasures:

Inflations have never had any significant influence on Apex's gains and losses in the past. If inflations cause purchase costs to increase, Apex will make appropriate adjustments to product prices. In addition, Apex also regularly or irregularly studies economic data and reports from governments and research institutions, reviews its policies and operations, and collects related information to serve as references for the management in decision making.

2. Company policies for high-risk, high-leverage investment, loaning of funds to others, endorsement for others and engagement in derivative transactions, main causes of profit gains or losses, and future countermeasures:

(1) Policy for high-risk, high-leverage investment, main causes of profit gains and losses and future countermeasures:

Apex focuses on managing its own line of business and does not engage in any other high-risk commercial activities. Plus, the Company adopts the conservatism principle as part of its financial policy and makes no high-leverage investment. Therefore, risk is limited in this aspect.

(2) Policy for loaning funds to others, main causes of profit gains and losses and future countermeasures:

Apex did not loan funds to others in the most recent years and as of the date of this annual report.

(3) Policy for endorsement for others, main causes of profit gains and losses and future countermeasures:

Besides its own subsidiaries, Apex did not make any endorsement for others in the most recent years and as of the date of this annual report, endorsement for the subsidiaries was conducted in compliance with Apex's internal procedures and related regulations.

(4) Policy for engagement in derivative transactions, main causes of profit gains and losses and future countermeasures:

Apex and its subsidiaries have established their own "Derivative Transaction Procedures", these have been approved by the board of directors and the shareholders' meeting to serve as the basis for derivative transactions. Apex and its subsidiary APT has bought and sold forward exchange derivatives in the three most recent years. The derivative contracts remaining valid at the end of the year are as shown in the table below:

Year	Derivative	Amount
End of 2021	Forward exchange purchased	Contract Amount US\$ 54,890 thousand

API and APT conducted transactions of forward exchange contracts and foreign exchange options in US dollar in the recent years and as of the date of this annual report. The counterparts were financial institutions within Thailand that are well known and have decent credit ratings. The transaction amounts were all presented to the chairperson or concerned units with the authority to give approval and transactions were carried out after they were ratified. Each month, Apex announced and filed the status of such derivative transactions according to regulations.

3. Future R&D projects and funds to be invested:

Apex hopes to improve the functions and characteristics of current products to increase their added value and strengthen the Company's competitiveness through repeatedly innovated R&D capacity in response to market tendencies and product diversity. In the coming 2 years, Apex will continue to invest in capital expenditure and expense to enhance production processes and capacity to upgrade product yield rates as well as reduce scrap rates and production costs.

Apex's future R&D projects will focus on improving current technical capacity and responding to the tendencies in product and technology demand. Once market positioning and tendencies are ascertained, the priorities of the projects will be determined in accordance with their level of difficulty and timeliness. In 2021, the following R&D items and expenditure will be conducted:

Development Item	Mass Production Schedule	Main Item	Present Progress	Expected Expenditure
Micro PAD 180x200um PAD testing method	2022 Q3	Upgrade Micro PAD testing capability	Under development	US\$ 300 Thousand
Thicker processes(3-5oz) PCB production process	2022 Q4	High power PCB product development	Under development	US\$ 1.5 Million
Micro LED PCB development	2023 Q3	Micro via production process development	Under development	US\$ 8 Million

4. Influence of important policy and law changes in and outside the country on company financial operations and countermeasures:
Apex is registered in the Cayman Islands and operates mainly in Thailand. Provision of financial services is the principal economic activity of the Cayman Islands. Thailand is a major economy in Southeast Asia with open economic policies and no exchange control and its political and economic environments are rather stable today. The products developed and sold by Apex are applied in various electronic products. They are consumer products and Apex therefore does not belong to an industry that requires special permission or is restricted. Hence, Apex's financial operations are unlikely to be affected by important policy or law changes in the Cayman Islands or Thailand. Moreover, Apex conducts its operations in compliance with important policies and laws in and outside the country and also pays attention to the tendencies of important policies and law changes in and outside the country in order to take appropriate countermeasures in response to changes in the market and the environment.
5. Influence of technological (cyber security risk included) and industrial changes on company financial operations and countermeasures:
Apex keeps track of changes in related technologies (cyber security risk included) and market tendencies and assesses their influence on company management. In the most recent years and as of the date of this annual report, there were no important technological or industrial changes of significant influence on Apex's financial operations.
6. Influence of change of corporate image on corporate crisis management and countermeasures:
Apex Group became listed at Taipei Exchange (TPEX, formerly known as the GTSM) in the Republic of China on October 18, 2011 and then changed its listing from the TPEX to the Taiwan Stock Exchange (TWSE) in the R.O.C. on September 8, 2015. Since it was founded, Apex has made continuous efforts to reinforce its internal control and improve its quality control capacity to establish its brand image and increase customers' confidence in the Company. In the most recent years and as of the date of this annual report, there was no important change of corporate image for Apex.
7. Expected benefits from acquisition, likely risk and countermeasures:
As of the date of printing of the annual report, Apex did not carry out any acquisition plan. If Apex conducts any acquisition plan in the future, it will cautiously assess whether such a plan can bring concrete benefits for the Company to ensure shareholders' rights and interests are protected.

8. Expected benefits from plant expansion, likely risk and countermeasures:
APT, the subsidiary of the Group, completed the investment and construction of Apex 3 in 2021. The maximum new production capacity is expected to reach 400,000 square meters per month, which is expected to further increase the Group's revenue and profit. The possible risks and countermeasures are:
- (1) The overall economic environment is uncertain: the proportion of the company's annual production capacity in the total global circuit board demand is still quite low, so the company will further increase the proportion of shipments to major customers, and continue to develop new customers or new product applications to achieve the utilization rate target.
 - (2) Financial risks caused by investment: The existing production line will continue to improve the yield rate, while the Apex 3 will accelerate the process through the learning curve and improve profitability through stable production management. Under the profit estimation of stable operation, the Group is expected to further recover the investment cost of the new factory, thereby improving the financial structure that has been down due to the debt for the expansion of the factory.
9. Likely risk from concentration of suppliers and sales and countermeasures:
- (1) Risk from concentration of suppliers and countermeasures
Apex's main products are double side and multi-layer PCBs and the principal materials applied are copper clad laminates, prepreg and copper foil. Apex has cooperated with its main material suppliers for years and the relationships have been good. However, Apex maintains at least two suppliers for each main material to ensure stable supply. No material shortage and discontinuation of supply has ever taken place.
 - (2) Risk from concentration of sales and countermeasures
The Group's products can be divided into four product lines, with a wide range of product applications; and the sales channels are diverse, which can be divided into the brand customer owned assembly plant, the brand customer's designated design manufacturer or the international electronic professional manufacturer EMS (Electronic Manufacturing Service). There are three customers with more than 10% of the Group sale in 2021, each accounting for 15.63%, 13.35%, 10.39%, and a total of 39.37%, all of which are business partners who maintain long-term cooperation with the Group. However, after the brands combine different sales channels, the sales of some brand customers will reach more than 20%. This phenomenon is based on the corporate advantages and industrial characteristics such as, the brand company's position in the global consumer electronics industry, operating scale and purchasing influence. Therefore, there is no risk of excessive concentration of sales.
10. Influence on the company from large share transfers or conversions by directors, supervisors or major shareholders in possession of more than 10% of total company shares: None
11. Influence of change of management rights on the company, likely risk and countermeasures:
There was no change of management rights in Apex Group in the most recent years and as of the date of this annual report; therefore, this is not applicable for Apex.
12. Litigation or non-litigation events: None
13. Other important risks and countermeasures:
- 13.1 IT Security, likely risk and countermeasures:
The Company has established a computerized information system management and management system and implemented an information security management system in accordance with Article 9 of the "Regulations Governing Establishment of

Internal Control Systems by Public Companies" to regulate the Company's information security and security measures, and to conduct regular information. Safety risk assessment and operation review, internal and external information security audit operations, etc., to ensure the effectiveness of the information management system and comply with the laws and regulations. The management department is responsible for the information security management work. Information security related management focuses on: personnel security and management, education and training, computer system security management, computer storage media security management, network security management, system access control, information asset security management, system development and maintenance security management, physical and environmental security management, information security audit.

In the most recent year and the end of the annual report, no major cyber-attacks or incidents have been discovered, which have or may have a material adverse effect on the Company's business and operations, and have not been involved in any legal cases or regulatory investigations related to this. There is no significant operational risk in assessing information security. However, the Company cannot guarantee perfect network and computer security protection measures, can completely avoid any third-party system cyber-attacks. The Company will maintain close contact with professional insurance companies to understand the relevant information of the insurance and security insurance. In the future, it will consider whether to insure according to the needs.

13.2 Risks associated with the overall economy, changes in the political and economic situation, related regulations, exchange control and recognition of R.O.C. court decisions in the country of registration of foreign issuers and description of adopted countermeasures.

Apex is registered in the Cayman Islands but does not engage in actual business activities locally. The group operates mainly in Thailand and produces rigid PCBs. The overall economy, changes in the political and economic environments, related regulations, foreign exchange policies, tax regulations and risk factors in the Cayman Islands and Thailand are described as follows:

A. The Cayman Islands

(A)Overall economy and changes in the political and economic environments
The Cayman Islands is located in the Caribbean Sea, 268 miles to the northwest of Jamaica and 640 miles south of Miami. They are composed of three islands. George Town is the capital city. Financial services are a main source of revenue. Politically, the Cayman Islands have always been stable. English is the official language. The companies registered there can be divided into five types: ordinary companies, ordinary non-resident companies, exempted companies, exempted limited duration companies, and foreign companies. Among them, exempted companies are not allowed to operate locally but they are given preferential treatment in taxation and administration; therefore, a lot of businesses in different countries have taken such treatment into account when making financial arrangements.

In recent years, the government of the Cayman Islands has made efforts to improve its reputation for extraterritorial financial operation. In 1990, it signed with the US and the UK the Mutual Legal Assistance Treaty to prevent international crime organizations from using the financial system of the Cayman Islands to make illegal deals.

The parent company of the Apex Group is a holding company registered in the Cayman Islands as an exempted company but does not engage in any business activities locally. Meanwhile, as the Cayman Islands is politically stable, its overall economy and changes in the political and economic environments have no significant impact on the management of Apex.

(B) Exchange control, regulations and tax risk

There is no foreign exchange restriction in the Cayman Islands. Besides the annual license fee, exempted companies need not pay income tax or value-added tax. Apex does not have to pay capital gains tax, income tax, earnings tax or value-added tax for its shares, bonds or other liabilities or withhold any amounts specified in tax regulations.

- a. An exempted company may operate in the Cayman Islands unless such operations can promote the Company's extraterritorial business.
- b. Without the permission of the Finance Services of the Cayman Islands, an exempted company can neither offer its shares or bonds for the locals to purchase nor come in possession of land in the Cayman Islands.
- c. There is no regulation in the Cayman Islands' Companies Law requiring exempted companies to hold shareholders' meetings. Such companies should convene shareholders' meetings and board of directors meetings according to their company charters and the meetings do not have to be held in the Cayman Islands.
- d. Issuance of new shares requires the approval of the board of directors or shareholders' meeting.
- e. In 2019, the British Cayman Islands announced the implementation of the Cayman Islands Economic Substantive Act, exempted companies must report the final beneficiary information to the British Cayman Islands company registry. While Apex is a Taiwan public company, according to the reporting requirements, it only needs to report the Company's information and does not need to submit or declare the detailed capital of shareholders to the British Cayman Islands Companies Registry.
- f. An exempted company need not open its shareholder list to public access.
- g. An exempted company can apply to the Cayman Islands government for a letter of agreement specifying that no tax will be imposed on the Company. This document is valid for 20 years and an exempted company can apply for renewal before it expires.
- h. An exempted company can apply to have its registration revoked and transfer the registration to another country.
- i. An exempted company can register as a limited duration company; a limited duration company must have at least two shareholders and the maximum duration is 30 years.
- j. Unless specially approved, a company's name may not contain terms such as bank, trust, mutual fund, insurance, royal, imperial, empire, assurance, building society or reinsurance and the registration documents must be in English.

Since the Cayman Islands adopts an open policy toward foreign exchange and imposes no regulatory restrictions, there is no significant influence on Apex's capital utilization.

The Cayman Islands government grants exempted companies' preferential tax treatment. Besides the abovementioned restrictions on business operations in the

Cayman Islands, issuance of shares or bonds for the locals to purchase, acquisition of land and company names, there is no significant limitation on the operation of an exempted company.

As Apex has acquired the preferential tax treatment agreement from the Cayman Islands, according to the Tax Concession Law (amended in 1999), all regulations regarding imposition of taxes on profits, income, gains or appreciation do not apply to Apex for 20 years after registration. At the same time, Apex need not pay capital gains tax, income tax, earnings tax or value-added tax for its shares, bonds or other liabilities or withhold any amounts specified in tax regulations.

As stated above, Apex is registered in the Cayman Islands as an exempted company and does not engage in business activities locally; therefore, the tax regulations and other regulations have no significant impact on the Company's overall management.

However, the regulations in the Cayman Islands on the protection of rights and interests of minority shareholders are not entirely similar to those in Taiwan and regions under other jurisdiction. Therefore, Apex has acted according to Securities and Exchange Act and Company Act of Taiwan as well as the requests of the competent authority and revised the Company charter within the range permissible in the regulations of the Cayman Islands in order to protect the shareholder rights and interests of Taiwan investors. For details, see Section 4 Description of Significant Differences from Domestic Shareholder Equity Protection Regulations in Chapter VIII Additional Information.

(C) Recognition of R.O.C. court decisions on civil cases

a. Risk in filing lawsuits and claims

Although Apex is registered in the Cayman Islands and has never applied for the recognition of the Ministry of Economic Affairs in accordance with the Company Act of the R.O.C., it is set forth in the Company charter that the provisions in the charter may not applied to bar any shareholder from filing litigation with a court of jurisdiction to seek remedies for decisions achieved in shareholders' meetings through inappropriate procedures and Taipei District Court will be the first instance court for disputes resulted from the aforesaid causes. Apex will appoint litigation and non-litigation agents according to the regulation of Taipei Exchange. However, when an investor files a lawsuit against a house of issue or its person in charge, the court can still act according to the nature and context of the case, whether it has the jurisdiction and the manner of service and request the investor to explain the foreign regulations involved. In other words, there is no guarantee that the courts of the R.O.C. will achieve decisions on all such cases.

b. Risk in recognition and execution of court decisions

There is no regulation in the laws of the Cayman Islands that the court decisions on civil cases made in the R.O.C. (hereinafter referred to as R.O.C. court decisions) may be enforced in the Cayman Islands. However, according to the Common Law, if R.O.C. court decisions comply with the following requirements, courts in the Cayman Islands will review them to determine whether they recognize such decisions: (1) the foreign court making the decision has the jurisdiction; (2) the obligation of the debtor to pay the liquidated sum specified in the decision is clearly stated; (3) the decision is final; (4) the decision involves no tax payments or fines; and (5) the achievement of the decision is not

contradictory to the principle of justice or public policy of the Cayman Islands and recognition and execution of the decision is also not contradictory to the principle of justice or public policy of the Cayman Islands. If the courts of the Cayman Islands do not recognize the R.O.C. court decisions, such decisions will never be enforced even if investors are able to obtain them. Investors should be aware of the legal risk in purchasing securities issued by a foreign issuer.

c. Law application risk derived from differences between the regulations of the Cayman Islands and the R.O.C.

Apex was established according to the law of the Cayman Islands. To be listed at Taipei Exchange, the Company revised its charter in accordance with related regulations in the R.O.C. to protect the rights and interests of shareholders. With matters that the charter fails to cover, Apex will handle them according to the regulations of the Cayman Islands as well as R.O.C. regulations that are applicable to foreign issuers.

However, the regulation and stock exchange system differences between the Cayman Islands and the R.O.C. may still lead to conflicts in or interpretation of application of law. Solution of such problems will depend on court decisions. If investors wish to request a court in the Cayman Islands to execute R.O.C. court decisions or file lawsuits or claims with a court in the Cayman Islands, the court in the Cayman Islands will not necessarily recognize R.O.C. regulations and transaction practices (including but not limited to share transfer approaches and shareholder records). This can create risk in filing claims against foreign companies.

B. Thailand

(A) Overall economy and changes in the political and economic environments

Formerly known as Siam, Thailand became independent in 1370. After the revolution in 1932, constitutional monarchy was adopted and the king of Thailand remained the head of state. In 1939, Kingdom of Thailand was decided to be the name of the country but later it was changed to Thailand in 1949. Thailand is located in the heartland of the Indochinese Peninsula between China and India. It borders with Myanmar in the northwest, Laos in the northeast, Cambodia in the east, and Malaysia in the south. The people in the entire country are Buddhists. For centuries, the country has been a melting pot of religions, cultures and ethnic groups in Southeast Asia. Totaling 513,120 square kilometers in area, the country is long and narrow, about 1,620 kilometers from north to south and 775 kilometers east to west. The population is around 66 million (2019). The majority of the people are Thai; other ethnic groups include Chinese and Indians. Thai is the official language; other languages include Chinese, English and Malay. Bangkok is the capital and the largest city with a population around 9 million.

Originally an agricultural country, Thailand started to adopt more liberal policies to attract foreign capital in the late 1980s. In the following ten odd years, large amounts of foreign investment went in and helped accelerate the economic growth. Unfortunately, excessive investment and poor financial management led to production-marketing imbalance and a financial crisis broke out in 1997, forcing both Thai and foreign enterprises to reduce or suspend investment in the country. After reform for a few years, the Thai economy gradually recovered. Industrial production and exportation started to pick up slowly and the exchange rate also grew more and more stable. By the middle of 2003, Thailand was finally able to pay back the loans borrowed from the International Monetary Fund

during the financial crisis and the government began to look at the country's mid- and long-term development in the future with cautious optimism. However, starting in 2007, it was affected by the world recession, domestic political instability, international oil price hikes and appreciation of baht exchange rates, and the strong economic progress rates in 2003 (7.1%) and 2004 (6.3%) could no longer continue and in 2008 the growth was merely 2.6%. In the same year, large-scale political protest events took place, including the Yellow Shirts occupying the Bangkok Airport and the Red Shirts breaking into the venue of the ASEAN Summit Meeting. Under such political instability and the global financial storm, Thailand's GDP fell 2.3% in 2009, the first negative growth since the Asian Financial Crisis in 1997.

By the time Abhisit took office as the prime minister, the political standoff had alleviated. On top of this, the government launched a plan to invest 1.43 trillion baht to revitalize the economy. The projects included repairing and building mass transit systems, 3G communications facilities and infrastructure such as water supply systems and roads. Besides upgrading the hardware environment needed for economic development, these projects also created jobs. Meanwhile, to stimulate consumption and domestic demand, the plan also included tax preference for new homebuyers and it was expected to boost domestic consumption and investors' confidence. As the global economy started to bounce back and external demand also grew stronger, Thailand's economic growth achieved 8.1% in 2010. It indicated that the country had a solid economic foundation and the future was looking good.

In July 2011, the Pheu Thai Party won more than half of the congress seats under the leadership of Yingluck who then became the prime minister. However, in October and November of the same year, torrential rains flooded the country. Three quarters of land was inundated. It was the worst flooding in six decades and created around 350 billion baht of damages to Thai industries and agriculture. In 2012, the country was able to pull out of the crisis due to the government's effective policies to stimulate economic progress, including increasing the minimum wage to upgrade consumers' earnings, promote domestic demand, reducing business tax and providing car purchase subsidies, etc. These measures successfully pushed up consumption and industrial development and in turn enabled the economic growth to reach 6.5 % that year. In 2013, however, since the base period was higher earlier, plus the political unrest in October, the economic growth was only 1.7%. In 2014, the new prime minister of military promoted the economist Somkid Jatusripitak as Deputy Prime Minister to revive the Thai economy. The economic growth rate of 2014 was less than 1%. The economic growth rate in 2015 was about 2.9%. In 2016, "Thailand 4.0" was first proposed to stimulate economy. Even Thailand encountered sorrowful event in 2016 and surrounded by sadness atmosphere of King Bhumibol's demise, which couldn't stop steps of "Thailand 4.0." The new economic model is working on driving the country from labor-intensive toward highly value-added and innovation-driven pattern, from manufacturing general commodities innovative products, emphasizing on technology, Industry creativity and innovation. The goal is to target Thailand as a marine transportation center in Southeast Asia, and provide a clear direction for the future of Thai economy. The GDP growth rates from 2016 to 2019 were 3.4%, 4.0%, 4.1% and 2.4%, respectively.

In 2020, affected by the COVID-19 epidemic, the Thai government implemented

strict movement control measures and closed the border to prevent the epidemic, these policies led to rising unemployment, a labor shortage and a sharp downturn to the Thai economy. Thailand's economy, which relies on tourism, has experienced a marked downturn and the GDP growth slowed to -6.1% in 2020. The epidemic gradually improved in 2021Q1, but suddenly worsened in 2021Q2, then forming a third wave of epidemics. Fortunately, in order to promote economic development, the Thai government has implemented a series of measures, such as increasing the penetration rate of vaccines, promoting domestic demand, and gradually relaxing the country's unblocking. The recovery effect has been achieved in 2021Q4, and the GDP growth rate in 2021 will also rise to 1.6%.

(B) Exchange control, regulations and tax risk

Exchange control

The foreign exchange regulations in Thailand are mainly based on the Exchange Control Law enacted in 1942 and other regulations announced by administrative agencies. The Bank of Thailand is the central bank of Thailand and it has adopted an open attitude and liberal policies toward foreign exchange over the years. On Mar. 3, 2008, Thailand removed the foreign exchange control measures that had been implemented for over a year. The regulation requiring detainment of 30% of incoming foreign capital to be the reserve was cancelled and the reserves formerly retained were returned.

Currently, Thailand imposes very few restrictions on foreign capital investment. Non-residents are free to borrow foreign currencies from or lend them to locals. Capital and loans can be transferred into Thailand without any restriction. As for transferring capital out of the country, whether it is to pay for purchases or services, interest expense, or issuance of bonuses or dividends, there is no control.

Taxes

- Corporate income tax: For companies established in accordance with the Thailand Limited Company Law Code, the following tax rates apply to their incomes from in and outside Thailand:

Tax Payer	Tax Rate
a. Regular companies	20% (Note 2)
b. Small companies (registered capital < THB 5 million	
THB 300 thousand < net income < THB 1 million	15%
THB 1 million < net income	20% (Note 2)

Notes:

1. Sources: Board of Investment (BOI) of Thailand, the Revenue Department of Thailand
2. According to the Tax Reduction and Exemption Bill No. 530 (passed in the cabinet meeting on October 14, 2011) announced by the Revenue Department on Dec. 14, 2011, the corporate income tax rate would be reduced to 23% in the fiscal year starting on Jan. 1, 2012 and then to 20% in 2013.

- Value-added business tax: The rate is 7% for all products and services and imported goods.
- Import duty: The import duty is imposed according to product value or a specific tax rate.
- Stamp duty: The stamp duty rate is between 0.05% and 0.10%, imposed according to the Stamp Duty Schedule of Thailand.
- Dividend tax: The rate is 10%.

- Bank interest tax: The rate for companies is 1%.
- Commodity tax: Thailand imposes commodity tax on au mobiles, gasoline, electrical appliances, beverages, batteries, motorcycles, perfume, wool blankets, cigarettes, cigars, playing cards, etc.

To attract foreign investors, the Thai government has established investment encouragement regulations and also created the Board of Investment to handle related matters. Companies acquiring an investment preference and encouragement certificate will be able to enjoy tax incentives and preferential treatment to set up operations in the investment promotion zone as well as preferential treatment in exportation.

Related regulations

Thailand's Hazardous Product Liability Law took effect in the beginning of 2009. The law was enacted to provide appropriate remedies to consumers encountering damages from purchasing hazardous products. Apex does not manufacture consumer products but the law applies to manufactures and suppliers of all products, including Apex. According to this law, if consumers file lawsuits over product safety against Apex for products manufactured, sold or imported by Apex and are able to prove they have suffered damages when using or storing such products normally, Apex will bear the corresponding civil liability. At the same time, the court can decide not to accept the responsibility exemption agreement stipulated in the contract signed between Apex or Apex's distributor and the consumer. Therefore, Apex faces potential risk that exists after this law was enacted and took effect.

(C) Recognition of R.O.C. court decisions on civil cases

Recognition and execution of R.O.C. court decisions is not specified in the Civil Procedure Code of Thailand or the 1938 Private International Law and so far Thailand has not signed any international treaties or agreements with regard to recognition and execution of the court decisions of the R.O.C. or any other country. However, since 1918, Thailand has adopted No. 585/2461 decision of its Supreme Court to serve as the basis of assessment. It is specified in the decision that if a court decision of a foreign country is made by a court with jurisdiction and it is the final decision on the issue in concern, Thai courts will recognize the decision. However, as Thailand practices civil law, the plaintiff has the right to file litigation over the same claim against the defendant. The 585/2461 decision does not have the effect of case law. It can only serve as an important reference for Thai courts in determining whether they will recognize and execute foreign court decisions.

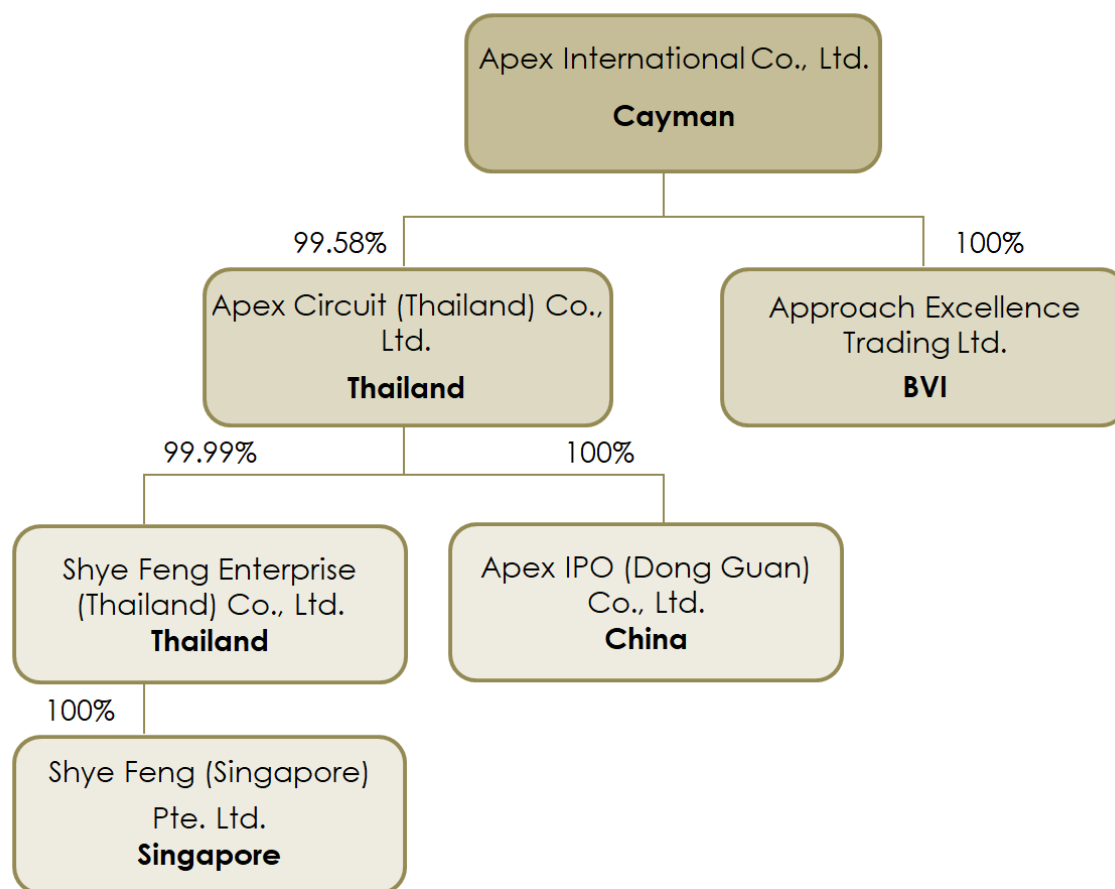
7.7 Other Important Matters None

8. Additional Information

8.1 Information on Affiliates

8.1.1 Organization charts of affiliates

Dec. 31, 2020



- API and Taiwan Branch is mainly a holding company and conducts no actual business activities.
- APT is 99.58% owned by API. It was founded in September, 2001 to be the production and operating center of the group. The PCBs APT produces are mostly exported to Japan, Korea and China to be used principally in consumer electronic products and office equipment and then in STBs, communications equipment, computer equipment and auto parts.
- AET is a wholly-owned subsidiary of API. A Taiwan branch was set up to be in charge of procurement of machine equipment and raw materials and shipment in the Taiwan area.
- Apex obtained 99.99% shares of Shye Feng Enterprise (Thailand) Co., Ltd. on October 03, 2019 through the resolution of the board of directors. It was acquired on January 03, 2020. Its main business is the manufacture and sale of printed circuit boards. Its subsidiary, Shye Feng (Singapore) Pte. Ltd., was established in Singapore and its main operating project is to expand its printed circuit board business.
- Apex has newly invested subsidiary APC in China in February 2020. It is responsible for the procurement and shipment of machinery, equipment and raw materials in China for Apex Group.

8.1.2 Name, date of establishment, address, paid-in capital and main business items of each affiliate

Dec. 31, 2021

Name of Enterprise	Date of Establishment	Address	Paid-in Capital (thousand)	Main Business of Production Items
Apex Circuit (Thailand) Co., Ltd.	2001.9.27	39/234-236 Moo 2, Rama 2 Road, Tambol Bangkrachao, Amphur Muang, Samutsakhon 74000, Thailand	THB 1,438,000	Production and sales of PCBs
Approach Excellence Trading Ltd.	2010.11.25	Palm Grove House,P.O. Box438,Road Town,Tortola,British Virgin Islands	NT\$ 10,000	Import and export business
Shye Feng Enterprise (Thailand) Co., Ltd.	2020.01.01	88/1, MOO 2, Watphanthuwong Sethakij 1 Rd, Nadee Amphur Muang, Samutsakhon, 74000, Thailand	THB 319,500	Production and sales of PCBs
Apex IPO (Dong Guan) Ltd.	2020.03.05	Room 103, building 6, No. 5, Second Road, Hanxi Shuixinwei Industrial Zone, Chashan, Dongguan City, Guangdong Province	CNY 2,000	Import and export business
Shye Feng (Singapore) Pte. Ltd.	2020.01.01	18 Mandai Estate #05-07 Multi-Wide Industrial Building Singapore 729910	SGD 542	PCB sales development

8.1.3 Controlling-subordinate relationships assumed according to Article 369-3 of the Company Act: None

8.1.4 The industries covered by the business operated by the affiliates overall

Dec. 31, 2021

Name of Enterprise	Business Operations	Mutual Dealings and Division of Work
Apex Circuit (Thailand) Co., Ltd.	Main business operations include production, processing and sales of PCBs and production, processing and sales of multi-layer PCBs.	Not applicable
Approach Excellence Trading Ltd.	Main business operations include import and export business.	Procurement in Taiwan for Apex Group
Shye Feng Enterprise (Thailand) Co., Ltd.	Main business operations include production, processing and sales of PCBs.	Not applicable
Apex IPO (Dong Guan) Ltd.	Main business operations include import and export business.	Procurement in China for Apex Group
Shye Feng (Singapore) Pte. Ltd.	Main business operations include PCB sales Development.	Expand and develop customer and supplier partnerships

8.1.5 Names of directors and general manager of each affiliate and their shareholding or capital contribution

Dec. 31, 2021

Name of Enterprise	Title	Name or Representative	Shareholding	
			No. of Shares	Shareholding Ratio (%)
Apex Circuit (Thailand) Co., Ltd.	Chairman	Shu-Mu Wang (also as CSO)	11	0.00
	Director	Jui-Hsiang Chou (also as CEO)	0	0.00
	Director	Maliwan Chinvorakijkul	0	0.00
	Director	Greg Lucini	0	0.00
	Independent Director	Jesadavat Priebjivat	0	0.00
Approach Excellence Trading Ltd.	Chairman	Shu-Mu Wang	0	0.00
	Manager	Shou-Hua Hsu	0	0.00
Shye Feng Enterprise (Thailand) Co., Ltd.	Chairman	Shu-Mu Wang	1	0.00
	Director	Jui-Hsiang Chou	1	0.00
Apex IPO (Dong Guan) Ltd.	Director	Zhe Li (also as General Manager)	0	0.00
	Supervisor	Shun-Fa Pai	0	0.00
Shye Feng (Singapore) Pte. Ltd.	Director	Chong-Hsien Wang	0	0.00

8.1.6 Business status of affiliates

Dec. 31, 2021; thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Gains (Losses)	Net Income or Loss for the Period (After-tax)	After-tax Earnings per Share (baht)
Apex Circuit (Thailand) Co., Ltd.	THB 1,438,000	THB 23,180,232	THB 13,656,934	THB 9,523,298	THB 16,223,534	THB 1,774,276	THB 1,638,322	THB 11.39
Approach Excellence Trading LTD.	NT\$ 10,000	NT\$ 42,845	NT\$ 34,901	NT\$ 7,944	NT\$ 128,026	NT\$ 1,082	NT\$ (419)	NT\$ 0
Shye Feng Enterprise (Thailand) Co., Ltd.	THB 319,500	THB 563,542	THB 580,226	THB (16,684)	THB 724,167	THB (7,520)	THB (23,106)	THB (0.72)
Apex IPO (Dong Guan) Ltd.	CNY 2,000	CNY 14,522	CNY 17,598	CNY (3,076)	CNY 28,199	CNY (3,770)	CNY (3,831)	CNY 0
Shye Feng (Singapore) Pte. Ltd.	SGD 542	SGD 1,233	SGD 908	SGD 325	SGD 1,743	SGD 79	SGD 80	SGD 0

8.1.7 The consolidated financial statement of affiliates: Please refer to appendix.

8.1.8 Affiliation report: None

8.2 Private Placement Securities None

8.3 Company Shares Held or Disposed of by Subsidiaries None

8.4 Description of Important Differences between Company Practices and those Set Forth in Domestic Regulations on Protection of Shareholders' Rights and Interests

Apex has disclosed its company M&A within the range permitted by the law of the Cayman Islands and according to the regulations of Taiwan Stock Exchange and has also specified concretely the company's measures for protection of shareholders' rights and interests in according to the "Shareholders' Rights Protection Checklist for Foreign Issuers" amended in December, 2019 (hereinafter "Shareholders' Rights Protection Checklist"). However, due to the restrictions in the regulations of the Cayman Islands, Apex's handling of the following items is different from the approaches specified in the Shareholders' Rights Protection Checklist and the explanation is as follows:

1. Establishment of resolutions by the shareholders' meeting

Besides the special (supermajority) resolutions described in the Company Act of the R.O.C., Apex has also adopted in Article 2 of its company charter the definition of "special resolution" set forth in the Company Law of the Cayman Islands as a resolution achieved with the approval of no less than two thirds of the attending shareholders (or a higher percentage if it is so specified in the company charter of an enterprise) in a meeting with the attendance of shareholders having the right to vote (in person or by proxy if allowed) complying with related regulations. Any resolution achieved without meeting the criteria for special resolutions set forth in Cayman Islands law will be regarded invalid. This difference exists because of the regulation in the Company Law of the Cayman Islands. However, Apex has specified respectively in Articles 3.9, 11.4, 11.5, 12, 32.1, 32.2 56.1 and 59 to 63 of its company M&A whether resolutions for matters described in the Shareholders' Rights Protection Checklist are to be considered "special (supermajority) resolutions" according to the Company Act of the R.O.C. or "special resolutions" as defined in the Company Law of the Cayman Islands."

2. Merger resolutions

According to the regulations in the Shareholders' Rights Protection Checklist, mergers concern the rights and interests of shareholders and have to be decided with "special (supermajority) resolutions." However, the Company Law of the Cayman Islands specifies that resolutions on mergers must be established in accordance with the Company Law of the Cayman Islands. The shareholders of the merging parties have to approve the merger plan through (A) achieving a special resolution as specified in the Company Law of the Cayman Islands and (B) meeting other authorization regulations (if available) set forth in the company charters of the merging parties. This is a compulsory regulation in the Company Law of the Cayman Islands and it is different from the regulation in the shareholders' Rights Protection Checklist that all merger decisions are to be achieved with "special (supermajority) resolutions."

Article 11.4 of Apex's company M&A stipulates that merger plans must be approved by the shareholders of the merging parties with resolutions established in accordance with approaches specified in the Company Law of the Cayman Islands.

3. Convention of ad hoc shareholders' meetings by shareholders

According to the Company Law of the Cayman Islands, convention of ad hoc shareholders' meetings by shareholders does not need approval from the competent authority of the Cayman Islands and this is different from the regulation regarding "convention of ad hoc shareholders' meetings by shareholders" in Article 173 of the Company Act of the R.O.C. Article 14.5 of Apex's company M&A does not stipulate that shareholders need to acquire the permission of the competent authority before convening ad hoc meetings. It only specifies that the approval of Taiwan Stock Exchange is required if the location of an ad hoc meeting is outside the territory of the R.O.C. This is different from the regulation in the Shareholders' Rights Protection Checklist that "shareholders need to apply for the approval of Taiwan Stock Exchange within two days after obtaining the permission of the competent authority for convention of an ad hoc meeting."

4. Supervisors

The Company Law of the Cayman Islands does not mention anything about the supervisor system and the related regulations in the R.O.C. also do not specify that foreign companies need to have supervisors. Hence, Apex's company charter does not include any provisions regarding supervisors. However, according to Article 51A of Apex's company M&A, Apex is required to create an audit committee and Apex's independent directors are the committee members. The committee must be composed of no less than three members and one of them is the convener to be in charge of convention of meetings on an irregular basis. At least one of the members must specialize in accounting or finance. It is also stipulated that decisions made by the committee and proposals that require the approval of the committee must comply with the content of the Shareholders' Rights Protection Checklist.

5. Preferred shares

Apex has not issued preferred shares. Therefore, there are no concrete regulations on the rights and obligations attached to preferred shares in the Company M&A. It is set forth in Article 5.2 and 5.3 of the company charter that if the company issues preferred shares, the issuing conditions must include the rights, obligations and other matters that are different between preferred and common shares, such as the sequence for distribution of remaining company property and restrictions on shareholders' voting right, etc.

6. Use and acquisition of powers of attorney

The regulation on proxy attendance in the Shareholders' Rights Protection Checklist is mainly based on Articles 5, 6, 6-1, 7, 8 (4) and 10 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. There is no regulation in the Company Law of the Cayman Islands with regard to use and acquisition of powers of attorneys but Apex, in order to comply with the regulations of the R.O.C., has include an all-inclusive regulation in Article 22 of the company M&A to request the shareholders' meeting, without violating the company charter, to use or acquire powers of attorney according to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

7. Damages incurred from execution of duties by directors

The regulation on the handling procedure for damages incurred from execution of duties by directors in the Shareholders' Rights Protection Checklist is mainly based on Article 214 of the Company Act of the R.O.C. that shareholders continuously holding 3% or more of the total number of the outstanding shares of a company for over one year may request the supervisors of the company in writing to file lawsuits for the company against the directors of the company. If the supervisors do not comply within 30 days, the shareholders may file such lawsuits for the company.

There is no regulation in the law of the Cayman Islands with regard to "supervisors". Apex

has added in Article 44.3 of its company M&A: "Besides filing lawsuits on behalf of the company according to the law of the Cayman Islands, Apex's shareholders who have continuously held 3% or more of Apex's total number of the outstanding shares for over one year may, without violating the law of the Cayman Islands, file lawsuits for the company against the directors and use Taipei District Court as the court of competent jurisdiction." However, this article has no effect on the right of shareholders not holding 3% or more of the total outstanding shares of the company for over a year. According to the Common Law of the Cayman Islands, all minority shareholders, regardless of their shareholding ratios and duration, have the right to file lawsuits against the directors when related regulations are met. Once a shareholder files a lawsuit, a court in the Cayman Islands will decide whether the lawsuit may be continued. Hence, the regulation in the company charter has no effect (no intentional effect) on the right of minority shareholders to act according to the law of the Cayman Islands which authorizes them the right to file lawsuits against the directors.

8.5 Other Necessary Supplementary Explanations

8.5.1 Apex doesn't have uncompleted commitment to requirement of listing.

8.5.2 Continuing education and training of directors and management in 2021

Title/Name	Date	Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
Chairman Shu-Mu Wang	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Director & General manager Jui-Hsiang Chou	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Director Yung-Yuan Cheng	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Director Shun-Chung Lee	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Director & Vice President & Chief Corporate Governance Officer Sen-Tien Wu	2021.09.01	FSC	The 13th Taipei Corporate Governance Forum (Morning session)	3	Yes
	2021.10.15	SFI	2021 Seminar of shareholding trading and Law Compliance for Insiders	3	Yes
	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
Labor dispute prevention and resolution - Common labor disputes			3		

Title/Name	Date	Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
Director Somkiat Krajangjaeng	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Director Tu-Chuan Chen	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Independent Director Chau-Chin Su	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Independent Director Yung-Tsai Chen	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Independent Director Jesadavat Priebjivat	2021.12.17	TCGA	ESG and Sustainable Governance in 2021	3	Yes
			Labor dispute prevention and resolution - Common labor disputes	3	
Accounting Officer Jiun-Ting Lin	2021.08.30~31	ARDF	Continuing Development Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	Yes
	2021.09.10	ARDF	The Practice of Cooperating with Accountants in Auditing by Enterprises: "Considerations for Legal Compliance" and "Using the Work of Internal Auditors"	3	Yes
	2021.09.09	ARDF	The Function of the Business Judgment Rule in Economic Crimes and Legal Responsibilities	3	Yes
	2021.09.16	ARDF	Self-Preparation of Financial Statements Practices: Accounting Estimate and Impairment of Assets	3	Yes
	2021.10.15	ARDF	The Latest "Corporate Governance 3.0 - Sustainable Development Roadmap" Topics and Practice of Self-Preparation of Financial Statements	3	Yes
	2021.10.22	ARDF	Cases of False Financial Reports and Legal Responsibilities	3	Yes
	2021.12.22	ARDF	The Legal Liability of False Financial Reports for Directors and Supervisors.	3	Yes

Note: TCGA - Taiwan Corporate Governance Association

ARDF - Accounting Research and Development Foundation

FSC - Financial Supervisory Commission

SFI - Securities & Futures Institute

8.5.3 The Company evaluates the independence of CPAs in 2020 are as follows :

**Apex International Co., Ltd.
Evaluation of CPAs' independence**

■ CPA **Min-Ju Chao** and CPA **Chun-Shiu Kuang**

No.	Evaluation Item	Yes	No
1	Not an employee of the company or any of its affiliates.	v	
2	Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.	v	
3	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.	v	
4	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.	v	
5	Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company or ranks in the top 5 in shareholding.	v	
6	Not a director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.	v	
7	Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.	v	
8	Not been a person of any conditions defined in Article 30 of the Company Act.	v	
9	Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	v	
10	Other information : Auditor's Independence Declaration.	v	

■ After the evaluation, CPAs have not been or were not any of the evaluation item, and therefore confirmed CPAs' independence, and the reliability of the financial report issued is flawless.

8.6 Matters of Critical Influence on Shareholders' Rights and Interests as Described in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act None

9. Appendix

2021 Financial Statements

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

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

The independent auditors' 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.

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安侯建業聯合會計師事務所

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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 December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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 December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(n) "Recognition of Revenue" for accounting policy related to revenue recognition, and note 6(r) for the information related to revenue of the consolidated financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

Our audit procedures included:

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

2. Subsequent measurements of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our audit procedures included:

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

3. Impairment of goodwill

Please refer to note 4(m) "Impairment of non derivative financial assets" for accounting policy related to impairment of goodwill, note 5(b) for accounting assumptions and estimation uncertainties of impairment of goodwill and note 6(i) "Intangible assets" for description related to measurements of impairment of goodwill of the consolidated financial statements.

How the matter was addressed in our audit:

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.

Our principal audit procedures included:

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed 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 are responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the years ended December 31, 2021 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 Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)

February 28, 2022

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2021</u>		<u>December 31, 2020</u>				<u>December 31, 2021</u>		<u>December 31, 2020</u>	
Assets		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Liabilities and Equity		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 660,374	3	821,682	5	2100	Short-term loans (notes 6(g), (j), 7, 8 and 9)	\$ 2,501,866	13	1,369,949	9
1110	Financial assets measured at fair value through profit or loss – current (notes 6(a) and (b))	9,285	-	10,592	-	2120	Financial liabilities measured at fair value through profit or loss – current (notes 6(a) and (b))	4,322	-	8,279	-
1150	Notes receivable, net (notes 6(c) and (r))	-	-	661	-	2170	Accounts payable	3,537,424	18	2,434,679	16
1170	Accounts receivable, net (notes 6(c) and (r))	4,330,830	22	3,683,750	24	2200	Other payables	569,841	3	504,209	4
1200	Other receivables (note 6(d))	201,583	1	71,042	-	2213	Payable for machinery and equipment	1,062,967	5	499,952	3
130x	Inventories (note 6(e))	3,737,962	19	2,227,880	15	2230	Current tax liabilities	22,826	-	20,678	-
1470	Other current assets	125,942	1	110,197	1	2280	Current lease liabilities (notes 6(h) and (m))	40,965	-	71,422	-
	Total current assets	<u>9,065,976</u>	<u>46</u>	<u>6,925,804</u>	<u>45</u>	2322	Current portion of long-term loans (notes 6(a), (g), (k), 7 and 8)	1,082,462	6	297,010	2
15xx	Non-current assets:					2399	Other current liabilities	71,931	-	38,479	-
1600	Property, plant and equipment (notes 6(f), (g), (h), (i), (j), (k), (s), 8 and 9)	10,149,438	51	7,516,542	49	25xx	Total current liabilities	<u>8,894,604</u>	<u>45</u>	<u>5,244,657</u>	<u>34</u>
1755	Right-of-use asset (notes 6(f), (g), (h) and (m))	123,219	1	297,935	2	2540	Non-Current liabilities:				
1780	Intangible assets (notes 6(f), (g) and (i))	168,418	1	188,097	2	2570	Long-term loans (notes 6(a), (g), (k), 7 and 8)	3,036,339	15	2,030,917	13
1840	Deferred tax assets (note 6(o))	32,157	-	25,160	-	2580	Deferred tax liabilities (note 6(o))	55,976	-	55,751	-
1915	Prepayment for equipment (note 6(g))	240,198	1	302,559	2	2612	Non-current lease liabilities (notes 6(h) and (m))	84,479	1	73,633	1
1920	Refundable deposits	7,811	-	7,954	-	2670	Long-term payable	232,619	1	135,118	1
1980	Other financial assets – non-current (notes 6(a), (b), (k) and 8)	8,206	-	4,311	-		Other non-current liabilities (note 6(n))	61,725	-	67,315	1
	Total non-current assets	<u>10,729,447</u>	<u>54</u>	<u>8,342,558</u>	<u>55</u>	2xxx	Total non-current liabilities	<u>3,471,138</u>	<u>17</u>	<u>2,362,734</u>	<u>16</u>
						31xx	Total liabilities	<u>12,365,742</u>	<u>62</u>	<u>7,607,391</u>	<u>50</u>
						3110	Equity attributable to owners of parent (notes 6(l) and (p)):				
						3200	Common stock	1,899,380	10	1,899,380	12
						3300	Capital surplus	2,405,512	12	2,405,512	16
						3300	Retained earnings	4,140,552	21	3,325,984	22
						3410	Exchange differences on translation of foreign financial statements	(1,048,969)	(5)	(6,244)	-
							Total equity attributable to owners of parent	<u>7,396,475</u>	<u>38</u>	<u>7,624,632</u>	<u>50</u>
						36xx	Non-controlling interests	<u>33,206</u>	<u>-</u>	<u>36,339</u>	<u>-</u>
						3xxx	Total equity	<u>7,429,681</u>	<u>38</u>	<u>7,660,971</u>	<u>50</u>
1xxx	Total assets	<u>\$ 19,795,423</u>	<u>100</u>	<u>15,268,362</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 19,795,423</u>	<u>100</u>	<u>15,268,362</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

	2021		2020	
	Amount	%	Amount	%
4000 Operating revenue (note 6(r))	\$ 14,800,683	100	11,832,513	100
5000 Operating costs (notes 6(e), (g), (h), (i), (m) and (n))	<u>11,681,718</u>	<u>79</u>	<u>9,325,012</u>	<u>79</u>
5900 Gross profit from operations	<u>3,118,965</u>	<u>21</u>	<u>2,507,501</u>	<u>21</u>
6000 Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (p) and 7):				
6188 Selling expenses	797,226	6	715,014	6
6200 Administrative expenses	755,522	6	576,381	5
6300 Research and development expenses	45,440	-	35,150	-
6450 Expected credit loss (reversal of expected credit loss)	<u>43,369</u>	<u>-</u>	<u>(13,155)</u>	<u>-</u>
Total operating expenses	<u>1,641,557</u>	<u>12</u>	<u>1,313,390</u>	<u>11</u>
6900 Operating income	<u>1,477,408</u>	<u>-9</u>	<u>1,194,111</u>	<u>10</u>
7000 Non-operating income and expenses (notes 6(b), (g), (h), (l), (m) and (s)):				
7100 Interest income	525	-	1,473	-
7010 Other income	35,237	-	36,028	-
7020 Other gains and losses	(31,895)	-	45,747	-
7050 Finance costs	<u>(45,247)</u>	<u>-</u>	<u>(38,682)</u>	<u>-</u>
Total non-operating income and expenses	<u>(41,380)</u>	<u>-</u>	<u>44,566</u>	<u>-</u>
7900 Profit from continuing operations before tax	1,436,028	9	1,238,677	10
7951 Less: Income tax expenses (note 6(o))	<u>52,146</u>	<u>-</u>	<u>34,922</u>	<u>-</u>
8200 Profit	<u>1,383,882</u>	<u>9</u>	<u>1,203,755</u>	<u>10</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss (notes 6(n) and (o))				
8311 Gains (losses) on remeasurements of defined benefit plans	6,774	-	7	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>262</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>6,512</u>	<u>-</u>	<u>7</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(1,047,108)	(7)	(436,353)	(4)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,047,108)</u>	<u>(7)</u>	<u>(436,353)</u>	<u>(4)</u>
8300 Other comprehensive income (loss)	<u>(1,040,596)</u>	<u>(7)</u>	<u>(436,346)</u>	<u>(4)</u>
8500 Total comprehensive income (loss)	<u>\$ 343,286</u>	<u>2</u>	<u>767,409</u>	<u>6</u>
Profit, attributable to:				
8610 Owners of parent	\$ 1,377,897	9	1,198,609	10
8620 Non-controlling interests	<u>5,985</u>	<u>-</u>	<u>5,146</u>	<u>-</u>
	<u>\$ 1,383,882</u>	<u>9</u>	<u>1,203,755</u>	<u>10</u>
Comprehensive income (loss) attributable to:				
8710 Owners of parent	\$ 341,657	2	764,096	6
8720 Non-controlling interests	<u>1,629</u>	<u>-</u>	<u>3,313</u>	<u>-</u>
	<u>\$ 343,286</u>	<u>2</u>	<u>767,409</u>	<u>6</u>
Basic earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750 Basic earnings per share	\$ <u>7.25</u>		\$ <u>6.31</u>	
9850 Diluted earnings per share	\$ <u>7.25</u>		\$ <u>6.31</u>	

See accompanying notes to consolidated financial statements.

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2021 and 2020****(Expressed in Thousands of New Taiwan Dollars)****Equity attributable to owners of parent**

	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign operation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Special reserve	Unappropriated retained earnings	Total				
Balance at January 1, 2020	\$ 1,890,409	2,396,626	300,256	2,396,911	2,697,167	428,276	7,412,478	33,011	7,445,489
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(569,799)	(569,799)	-	(569,799)	-	(569,799)
Profit	-	-	-	1,198,609	1,198,609	-	1,198,609	5,146	1,203,755
Other comprehensive income	-	-	-	7	7	(434,520)	(434,513)	(1,833)	(436,346)
Total comprehensive income (loss)	-	-	-	1,198,616	1,198,616	(434,520)	764,096	3,313	767,409
Conversion of convertible bonds	8,971	8,886	-	-	-	-	17,857	-	17,857
Changes in non-controlling interests	-	-	-	-	-	-	-	15	15
Balance at December 31, 2020	1,899,380	2,405,512	300,256	3,025,728	3,325,984	(6,244)	7,624,632	36,339	7,660,971
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(569,814)	(569,814)	-	(569,814)	-	(569,814)
Profit	-	-	-	1,377,897	1,377,897	-	1,377,897	5,985	1,383,882
Other comprehensive income	-	-	-	6,485	6,485	(1,042,725)	(1,036,240)	(4,356)	(1,040,596)
Total comprehensive income (loss)	-	-	-	1,384,382	1,384,382	(1,042,725)	341,657	1,629	343,286
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(4,762)	(4,762)
Balance at December 31, 2021	\$ 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

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 years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,436,028	1,238,677
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	807,240	746,514
Amortization expense	16,892	15,004
Expected credit loss (reversal of expected credit loss)	43,369	(13,155)
Interest expense	45,247	38,682
Interest income	(525)	(1,473)
Loss on disposal of property, plant and equipment	1,301	16,356
Impairment loss on non-financial assets	16,997	17,435
Lease modification gain	(27)	(1,440)
Total adjustments to reconcile profit	930,494	817,923
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	1,307	(7,122)
Notes receivable	661	(258)
Accounts receivable	(690,449)	(692,678)
Other receivables	(130,541)	(34,819)
Inventories	(1,510,082)	(364,228)
Other current assets	(15,745)	(51,786)
Total changes in operating assets	(2,344,849)	(1,150,891)
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	(3,957)	4,989
Notes payable	-	(7)
Accounts payable	1,102,745	986,957
Other payables	62,502	111,220
Other current liabilities	33,452	17,369
Other non-current liabilities	1,184	1,369
Total changes in operating liabilities	1,195,926	1,121,897
Total changes in operating assets and liabilities	(1,148,923)	(28,994)
Total adjustments	(218,429)	788,929
Cash inflow generated from operations	1,217,599	2,027,606
Interest received	525	1,473
Interest paid	(42,117)	(42,689)
Income taxes paid	(50,209)	(20,839)
Net cash flows from operating activities	1,125,798	1,965,551
Cash flows from (used in) investing activities:		
Net cash flow from acquisition of subsidiaries (deduct cash acquired)	-	(163,942)
Acquisition of property, plant and equipment	(3,472,007)	(1,540,644)
Proceeds from disposal of property, plant and equipment	15,684	3,534
Decrease in refundable deposits	143	216
Acquisition of intangible assets	(19,510)	(5,431)
Decrease (increase) in other non-current financial assets	(3,895)	1,891
Increase in prepayments for equipment	(252,990)	(523,753)
Net cash flows used in investing activities	(3,732,575)	(2,228,129)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,376,973	394,084
Proceeds from long-term loans	4,394,530	2,169,945
Repayments of long-term loans	(2,304,625)	(910,291)
Payment of lease liabilities	(76,960)	(138,916)
Cash dividends paid	(569,814)	(569,799)
Change in non-controlling interests	(4,762)	-
Net cash flows from financing activities	2,815,342	945,023
Effect of exchange rate changes on cash and cash equivalents	(369,873)	(160,664)
Net increase (decrease) in cash and cash equivalents	(161,308)	521,781
Cash and cash equivalents at beginning of period	821,682	299,901
Cash and cash equivalents at end of period	\$ 660,374	821,682

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Apex International Co., Ltd. (the “Company”) was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange (TPEX) in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. (APT), which is located in Thailand, and became a listed company on the TPEX in the Republic of China (R.O.C.) on October 18, 2011. The Company then changed its listing from the TPEX to the Taiwan Stock Exchange (TWSE) in the R.O.C. on September 8, 2015. APT mainly manufactures and sells electronic printed circuit boards. For the related information, please refer to note 14. 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 February 28, 2022.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

(Continued)

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

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: <ul style="list-style-type: none"> ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. 	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

(Continued)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

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

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

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(o).

(ii) Functional and presentation currency

The functional currency of a Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of parent and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

The Company's subsidiaries were as follows:

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

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

(Continued)

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange difference arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

(Continued)

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

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and checking deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, trades receivable, other receivables, guarantee deposit paid and other financial assets).

Loss allowance for bank balances is measured by 12-month ECL for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liability. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary share at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a compound financial instrument is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured.

Interest related to a financial liability is recognized in profit or loss, non-operating gains and losses recorded under finance costs. On conversion at maturity, the financial liability is reclassified to equity, and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses including interest expense, are recognized in profit or loss.

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

Other financial liabilities measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The subsequent measurement of inventories is based on the lower of cost or net realizable value, item by item. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. If the market values rise in the subsequent period, then the cost of inventories should be adjusted to the market values, while the adjustment amount should not be over the previous reduction range, and such adjustment should be recorded as cost of goods sold in the current period.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Land improvement	5 to 10 years
Buildings	1 to 20 years
Machinery and equipment	1 to 20 years
Transportation equipment	3 to 5 years
Office equipment	5 to 20 years
Leasehold improvement	1 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Lease — as a lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; including substantive fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment, vehicles and buildings that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

(k) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all the assets acquired and all of the liabilities assumed.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation.

(l) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, and operating procedure, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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

The estimated useful lives for current and comparative periods are as follows:

1) Customer relationships	10 years
2) Operating procedure	5 years
3) Software	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Recognition of Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payable or receivable on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax payable are reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserved, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entity which intends to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(r) Segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(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 the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of the changes in the accounting estimates in the period.

Significant risks of adjustment in balances of assets and liabilities accounts in the subsequent fiscal year could arise from the following assumptions and estimations' inherent uncertainties, where the effect of Covid-19 is appropriately reflected. The related information is presented as below:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the subsequent measurements of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to note 6(i) for further description of the impairment of goodwill.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 1,384	6,319
Demand deposits	630,767	789,182
Checking deposits	19,916	17,629
Time deposits	<u>8,307</u>	<u>8,552</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 660,374</u></u>	<u><u>821,682</u></u>

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

	December 31, 2021	December 31, 2020
Restricted bank deposit	<u><u>\$ 8,206</u></u>	<u><u>4,311</u></u>

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

Please refer to note 6(t) for the disclosure of interest rate risks and sensitivity analysis of the Groups' financial assets and liabilities.

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

(i) Financial assets measured at fair value – Current

	December 31, 2021	December 31, 2020
Financial assets held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	<u><u>\$ 9,285</u></u>	<u><u>10,592</u></u>

(ii) Financial liabilities measured at fair value – Current

	December 31, 2021	December 31, 2020
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	<u><u>\$ 4,322</u></u>	<u><u>8,279</u></u>

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

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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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 December 31, 2021 and 2020.

Forward exchange contracts:

December 31, 2021				
	Amount	Currency	Maturity dates	Fair value of assets (liabilities)
	(in thousands)			
Forward exchange purchased	USD 21,390	USD to THB	2022.1.4 ~2022.5.31	\$ <u><u>9,285</u></u>
Forward exchange purchased	USD 16,000	USD to NTD	2022.2.14	\$ (786)
Forward exchange purchased	USD 17,500	USD to THB	2022.3.28 ~2022.6.30	(3,536)
				<u><u>\$ (4,322)</u></u>
December 31, 2020				
	Amount	Currency	Maturity dates	Fair value of assets (liabilities)
	(in thousands)			
Forward exchange sold	USD 8,000	USD to THB	2021.1.12 ~2021.2.25	\$ <u><u>10,592</u></u>
Forward exchange purchased	USD 6,000	USD to THB	2021.1.4	\$ (6,240)
Forward exchange purchased	USD 5,000	NTD to USD	2021.1.20	(2,039)
				<u><u>\$ (8,279)</u></u>

Please refer to note 6(1) for financial assets measured at fair value through profit or loss components from issuing unsecured convertible bonds.

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

(c) Notes receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ -	661
Accounts receivable	4,378,017	3,690,646
Less: loss allowance	<u>(47,187)</u>	<u>(6,896)</u>
	<u><u>\$ 4,330,830</u></u>	<u><u>3,684,411</u></u>

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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:

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 358,738	0.60	2,147
Past due 1~30 days	77,344	2.38	1,844
Past due 31~60 days	33,891	8.97	3,040
Past due 61~90 days	3,734	16.34	610
Past due 91~120 days	66	37.88	25
Past due over 180 days	179	100.00	179
	\$ 473,952		7,845

	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 474,579	-	-
Past due 1~30 days	110,751	-	-
Past due 31~60 days	48,870	-	-
Past due 61~90 days	17,002	-	-
Past due 121~180 days	721	42.30	305
Past due over 180 days	5	100.00	5
	\$ 651,928		310

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

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 290,083	-	-
Past due 1~30 days	34,444	-	-
Past due 31~60 days	243	-	-
	\$ 324,770		-

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	December 31, 2020		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Not yet due	\$ 261,135	-	-
Past due 1~30 days	17,402	-	-
Past due 31~60 days	1,872	-	-
Past due 91~120 days	78	26.92	21
	\$ 280,487		21

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

	December 31, 2021		
	Gross carrying amount	Weighted average loss rate (%)	Loss allowance provision
Past due over 180 days	\$ 1,834	100.00	1,834

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

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

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

The accounts receivable above does not contain all the amounts that the Group has for a certain client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount is \$34,664 thousand.

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

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

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

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

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

	<u>2021</u>	<u>2020</u>
Balance at the beginning	\$ 6,896	21,041
Acquisition through business combination	-	318
Impairment losses (reversal gain)	43,369	(13,155)
Foreign exchange losses	(3,078)	(1,308)
Balance at the ending	<u>\$ 47,187</u>	<u>6,896</u>

(d) Other receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables	<u>\$ 201,583</u>	<u>71,042</u>

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

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

(e) Inventories

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

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

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For the years ended December 31, 2021 and 2020, in addition to the normal cost of goods sold, the following loss and revenue were included in the Group's operating costs:

	<u>2021</u>	<u>2020</u>
Allowance for inventory valuation and obsolescence losses (reversal gain)	\$ 85,550	(22,454)
Revenue from sale of scrap	(465,592)	(296,231)
Loss on inventory obsolescence	59,469	34,512
Unamortized manufacturing expense	342,798	335,253
Physical count variance	<u>-</u>	<u>7</u>
	<u>\$ 22,225</u>	<u>51,087</u>

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

(f) Business combination

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

Taking control of APS will enable the Group to diversify its products through access to APS's capacity and operating procedures. Besides, the acquisition is expected to increase the Group's market of the PCB through access to the acquiree's existing customer relationship. The Group also expects to reduce costs through economies of scale.

From the acquisition date to December 31, 2020, operating revenue and net loss of APS are \$582,335 thousand and \$15,146 thousand, respectively.

The Group incurred acquisition-related costs of \$3,228 thousand on legal fees and due diligence costs. These costs have been accounted as administrative expenses which are included in the statement of comprehensive income for the year ended December 31, 2019.

Consideration transferred, assets and liabilities acquired, and goodwill recognized are as follows:

- (i) The fair value of APS on the acquisition date is \$277,485 thousand and the price is paid in cash. The Group has paid \$83,251 thousand in 2019 for this acquisition and the residual amount of \$194,234 thousand was paid in 2020.

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(ii) Identifiable assets and liabilities acquired

The following table summarizes the acquisition-date fair value of identifiable assets and liabilities assumed.

Cash and cash equivalents	\$	30,292
Notes receivable		403
Accounts receivable (deduct allowance for uncollectible accounts \$318 thousand)		106,473
Inventories		62,746
Other current assets		367
Property, plant and equipment (note 6(g))		151,402
Right-of-use asset (note 6(h))		286
Intangible assets (note 6(i))		46,797
Refundable deposits		242
Short-term loans		(132,192)
Notes payable		(7)
Accounts payable		(80,841)
Other payables		(9,926)
Payable for machinery and equipment		(4,255)
Current tax liabilities		(2,731)
Other current liabilities		(1,717)
Lease liabilities		(169)
Other non-current liabilities		<u>(15,985)</u>
Total identifiable net assets acquired	\$	<u><u>151,185</u></u>

(iii) Goodwill

Consideration transferred	\$	277,485
Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		15
Less: Fair value of identifiable net assets		<u>(151,185)</u>
Goodwill	\$	<u><u>126,315</u></u>

The goodwill is attributable mainly to the skills and technical talent of company APS's work force and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

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(g) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the years ended December 31, 2021 and 2020, 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, 2021	\$ 740,846	8,066	2,323,404	7,908,213	15,960	474,606	17,855	1,047,902	12,536,852
Additions	19,756	430	471,377	1,451,771	2,533	142,114	7,355	2,037,187	4,132,523
Disposals	-	-	(1,399)	(68,307)	-	(3,247)	-	-	(72,953)
Reclassification (notes 1, 2 and 3)	-	-	496,323	619,874	-	127	-	(607,297)	509,027
Translation effect	(95,871)	(1,054)	(289,799)	(877,364)	2,719	(66,483)	(2,376)	(206,489)	(1,536,717)
Balance at December 31, 2021	<u>\$ 664,731</u>	<u>7,442</u>	<u>2,999,906</u>	<u>9,034,187</u>	<u>21,212</u>	<u>547,117</u>	<u>22,834</u>	<u>2,271,303</u>	<u>15,568,732</u>
Balance at January 1, 2020	\$ 351,537	8,335	2,297,849	7,767,265	12,912	464,785	10,902	204,952	11,118,537
Acquisition through business combination	38,489	-	65,250	39,118	2,391	1,275	-	4,879	151,402
Additions	370,185	202	84,479	669,140	1,829	37,300	7,401	777,299	1,947,835
Disposals	-	-	(12,069)	(479,443)	-	(2,630)	-	-	(494,142)
Reclassification (notes 1, 2 and 3)	-	-	24,803	365,901	-	(3)	-	66,414	457,115
Translation effect	(19,365)	(471)	(136,908)	(453,768)	(1,172)	(26,121)	(448)	(5,642)	(643,895)
Balance at December 31, 2020	<u>\$ 740,846</u>	<u>8,066</u>	<u>2,323,404</u>	<u>7,908,213</u>	<u>15,960</u>	<u>474,606</u>	<u>17,855</u>	<u>1,047,902</u>	<u>12,536,852</u>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2021	\$ -	4,834	902,104	3,783,721	12,619	306,078	10,954	-	5,020,310
Depreciation	-	795	140,976	482,340	1,141	52,424	2,555	-	680,231
Impairment loss	-	-	-	16,997	-	-	-	-	16,997
Disposals	-	-	(512)	(52,410)	-	(3,046)	-	-	(55,968)
Reclassification (note 3)	-	-	-	140,466	-	-	-	-	140,466
Translation effect	-	(659)	(66,033)	(277,592)	3,216	(40,424)	(1,250)	-	(382,742)
Balance at December 31, 2021	<u>\$ -</u>	<u>4,970</u>	<u>976,535</u>	<u>4,093,522</u>	<u>16,976</u>	<u>315,032</u>	<u>12,259</u>	<u>-</u>	<u>5,419,294</u>
Balance at January 1, 2020	\$ -	4,231	826,368	3,921,969	10,384	278,836	8,908	-	5,050,696
Depreciation	-	836	129,173	501,421	3,118	44,990	2,417	-	681,955
Impairment loss	-	-	-	17,435	-	-	-	-	17,435
Disposals	-	-	(3,844)	(468,131)	-	(2,277)	-	-	(474,252)
Reclassification (note 3)	-	-	-	47,995	-	(2)	-	-	47,993
Translation effect	-	(233)	(49,593)	(236,968)	(883)	(15,469)	(371)	-	(303,517)
Balance at December 31, 2020	<u>\$ -</u>	<u>4,834</u>	<u>902,104</u>	<u>3,783,721</u>	<u>12,619</u>	<u>306,078</u>	<u>10,954</u>	<u>-</u>	<u>5,020,310</u>
Carrying amount:									
Balance at December 31, 2021	<u>\$ 664,731</u>	<u>2,472</u>	<u>2,023,371</u>	<u>4,940,665</u>	<u>4,236</u>	<u>232,085</u>	<u>10,575</u>	<u>2,271,303</u>	<u>10,149,438</u>
Balance at December 31, 2020	<u>\$ 740,846</u>	<u>3,232</u>	<u>1,421,300</u>	<u>4,124,492</u>	<u>3,341</u>	<u>168,528</u>	<u>6,901</u>	<u>1,047,902</u>	<u>7,516,542</u>
Balance at January 1, 2020	<u>\$ 351,537</u>	<u>4,104</u>	<u>1,471,481</u>	<u>3,845,296</u>	<u>2,528</u>	<u>185,949</u>	<u>1,994</u>	<u>204,952</u>	<u>6,067,841</u>

- Note 1: The cost of \$277,861 thousand and \$246,151 thousand, respectively, were transferred from prepayment for equipment for the years ended December 31, 2021 and 2020.
- Note 2: The cost of \$2,003 thousand and \$1,473 thousand were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the years ended December 31, 2021 and 2020.
- Note 3: The cost of \$233,169 thousand and \$212,437 thousand, respectively, accumulated depreciation of \$140,466 thousand and \$47,993 thousand, respectively, were reclassified from right-of-use assets for the years ended December 31, 2021 and 2020.

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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:

	2021	2020
Impairment loss	\$ 16,997	17,435

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

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

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

(h) Right-of-use assets

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

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
Cost:					
Balance at January 1, 2021	\$ 101,810	298,022	41,670	1,418	442,920
Additions	38,089	30,841	7,284	-	76,214
Disposals (modification and early termination of contract)	(1,902)	-	-	-	(1,902)
Reclassification to property, plant and equipment	-	(233,169)	-	-	(233,169)
Translation effect	(13,101)	(27,935)	(5,673)	(182)	(46,891)
Balance at December 31, 2021	\$ 124,896	67,759	43,281	1,236	237,172
Balance at January 1, 2020	\$ 107,596	526,283	26,546	-	660,425
Acquisition through business combination	-	-	286	-	286
Additions	57,396	15,467	16,230	1,407	90,500
Disposals (modification and early termination of contract)	(57,674)	-	-	-	(57,674)
Reclassification to property, plant and equipment	-	(212,437)	-	-	(212,437)
Translation effect	(5,508)	(31,291)	(1,392)	11	(38,180)
Balance at December 31, 2020	\$ 101,810	298,022	41,670	1,418	442,920

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2021	\$ 28,517	96,275	19,950	243	144,985
Depreciation	28,695	88,362	9,499	453	127,009
Disposals (modification and early termination of contract)	(736)	-	-	-	(736)
Reclassification to property, plant and equipment	-	(140,466)	-	-	(140,466)
Translation effect	(4,068)	(9,695)	(3,021)	(55)	(16,839)
Balance at December 31, 2021	<u>\$ 52,408</u>	<u>34,476</u>	<u>26,428</u>	<u>641</u>	<u>113,953</u>
Balance at January 1, 2020	\$ 27,261	121,793	10,386	-	159,440
Depreciation	24,726	29,516	10,076	241	64,559
Disposals (modification and early termination of contract)	(22,104)	-	-	-	(22,104)
Reclassification to property, plant and equipment	-	(47,993)	-	-	(47,993)
Translation effect	(1,366)	(7,041)	(512)	2	(8,917)
Balance at December 31, 2020	<u>\$ 28,517</u>	<u>96,275</u>	<u>19,950</u>	<u>243</u>	<u>144,985</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 72,488</u>	<u>33,283</u>	<u>16,853</u>	<u>595</u>	<u>123,219</u>
Balance at December 31, 2020	<u>\$ 73,293</u>	<u>201,747</u>	<u>21,720</u>	<u>1,175</u>	<u>297,935</u>
Balance at January 1, 2020	<u>\$ 80,335</u>	<u>404,490</u>	<u>16,160</u>	<u>-</u>	<u>500,985</u>

(i) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Costs:					
Balance at January 1, 2021	\$ 119,155	3,110	40,789	112,334	275,388
Addition	-	-	-	19,510	19,510
Reclassification from property, plant and equipment	-	-	-	2,003	2,003
Translation effect	(15,259)	(399)	(5,223)	(15,363)	(36,244)
Balance at December 31, 2021	<u>\$ 103,896</u>	<u>2,711</u>	<u>35,566</u>	<u>118,484</u>	<u>260,657</u>
Balance at January 1, 2020	\$ -	-	-	111,021	111,021
Acquisition through business combinations	126,315	3,298	43,240	259	173,112
Additions	-	-	-	5,431	5,431
Reclassification from property, plant and equipment	-	-	-	1,473	1,473
Translation effect	(7,160)	(188)	(2,451)	(5,850)	(15,649)
Balance at December 31, 2020	<u>\$ 119,155</u>	<u>3,110</u>	<u>40,789</u>	<u>112,334</u>	<u>275,388</u>

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	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Amortization and impairment loss:					
Balance at January 1, 2021	\$ -	622	4,079	82,590	87,291
Amortization	-	571	3,746	12,575	16,892
Translation effect	-	(108)	(712)	(11,124)	(11,944)
Balance at December 31, 2021	<u>\$ -</u>	<u>1,085</u>	<u>7,113</u>	<u>84,041</u>	<u>92,239</u>
Balance at January 1, 2020	\$ -	-	-	76,097	76,097
Amortization	-	618	4,049	10,337	15,004
Translation effect	-	4	30	(3,844)	(3,810)
Balance at December 31, 2020	<u>\$ -</u>	<u>622</u>	<u>4,079</u>	<u>82,590</u>	<u>87,291</u>
Carrying amount:					
Balance at December 31, 2021	<u>\$ 103,896</u>	<u>1,626</u>	<u>28,453</u>	<u>34,443</u>	<u>168,418</u>
Balance at December 31, 2020	<u>\$ 119,155</u>	<u>2,488</u>	<u>36,710</u>	<u>29,744</u>	<u>188,097</u>
Balance at January 1, 2020	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>34,924</u>	<u>34,924</u>

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

On October 31, 2021, the external expert report regarding to asset impairment test issued by an expert engaged by the Group had been prepared based on the APS's financial forecast covering 2022 to 2026. The projection of operating revenue over the forecast period was made based on the geographical location and product types. Therefore, the consolidated financial statements mainly evaluate and illustrate whether the actual operating revenue and gross profit margin achieves the forecast operating revenue and gross profit margin for the year ended December 31, 2021. For the year ended December 31, 2021, the actual operating revenue was higher than projected; however, the gross profit margin was lower than the forecast due to the increase of the price of raw material at the end of 2020.

Based on the result of value-in-use calculation, the recoverable amount of APS of THB 498,307 thousand, which is higher in comparison to the book value. Therefore, no impairment is recognized.

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

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

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- (ii) The after-tax discount rate is based on the Group's weighted-average cost of capital. As of October 31, 2021, the adopted discount rate is 13.90%

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

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

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

- (j) Short-term loans

	December 31, 2021	December 31, 2020
Secured loans	\$ 138,035	33,317
Unsecured loans	2,363,831	1,336,632
Total	<u>\$ 2,501,866</u>	<u>1,369,949</u>
Unused credit line	<u>\$ 1,628,791</u>	<u>3,916,525</u>
Interest rate (%)	<u>0.29~4.09</u>	<u>0.32~4.09</u>

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

- (k) Long-term loans

	December 31, 2021	December 31, 2020
Secured loans	\$ 2,697,734	1,721,901
Unsecured loans	1,424,077	611,228
Less: deferred financing fee	(3,010)	(5,202)
Subtotal	4,118,801	2,327,927
Less: current portion	(1,082,462)	(297,010)
Total	<u>\$ 3,036,339</u>	<u>2,030,917</u>
Unused credit line	<u>\$ 3,080,336</u>	<u>4,408,821</u>
Interest rate (%)	<u>0.95~4.00</u>	<u>1.05~3.75</u>
Maturity date	<u>2022.8~2026.3</u>	<u>2022.8~2025.10</u>

(Continued)

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

(i) Collateral for loans

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

(ii) Loan contract

1) APT entered into several agreements with several banks in Thailand, including Bangkok Bank, Bank of Ayudhya, E. Sun Commercial Bank, E. Sun Bank (China) and Mega International Commercial Bank. The main commitment clauses in the contract with Bangkok Bank, Bank of Ayudhya, E. Sun Commercial Bank, E. Sun Bank (China) and Mega International Commercial Bank are as follows:

- a) The current ratio (current asset / current liability less current portion) must exceed 80%~100%
- b) The debt ratio (liability / equity) maintain below 180%~200% (inclusive)
- c) Interest coverage ratio [(net income before tax + interest expense + depreciation + amortization) / interest expense] must exceed 300%.
- d) The tangible equity (total equity - intangible asset) must exceed NTD \$4.5~5.0 billion.

The ratios mentioned above shall be calculated based on the audited annual financial statements of APT.

As of December 31, 2021 and 2020, the Group did not breach the commitment clause mentioned above.

2) The Company entered into a joint loan agreement led by First Commercial Bank along with other nine banks in Taiwan on August 12, 2019, the main commitment clauses in the contract are as follows:

- a) The current ratio (current asset / current liability less current portion) must exceed 100%.
- b) The debt ratio (liability / tangible equity) cannot exceed 180%.
- c) Interest coverage ratio [(net income before tax + interest expense + depreciation + amortization) / interest expense] must exceed 300%.
- d) The tangible equity (total equity - intangible asset) must exceed NTD \$4.0 billion.

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

As of December 31, 2021 and 2020, the Group did not breach the commitment clauses mentioned above.

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

(l) Corporate bonds payable

	December 31, 2020
	<u>Third unsecured convertible bond</u>
Total amount of convertible bonds	\$ 600,000
Less: Discount on issuing convertible bonds	29,760
Underwriting expense	<u>6,681</u>
Discounted present value of bonds payable when issued	563,559
Amortization of discount on bonds payable	5,562
Reversal of discount on bonds payable conversion	30,879
Less: Accumulated converted amount	<u>600,000</u>
Ending balance of bonds payable	<u><u>\$ -</u></u>

On April 13, 2018, the Financial Supervisory Commission approved the Company's application (Letter No.1070308994) to issue its third unsecured convertible bonds not exceeding \$600,000 thousand. The issuance date of the convertible bonds was May 7, 2018, and the price of which was set on April 26, 2018. The convertible bonds issued by the Group totaled \$600,000 thousand, with a par value of \$100 thousand per share, without any interest rate, within a period of 3 years, at a conversion price of \$21.50.

The Group issued its convertible bonds in accordance with IFRS 9, which requires the Company to recognize its liability and equity components of convertible bonds separately as follows:

	<u>Third unsecured convertible bond</u>
Value of the convertible bonds upon issuance	\$ 570,240
Embedded derivative financial instruments (put option and call option)	2,220
Equity component (conversion option)	<u>27,540</u>
	<u><u>\$ 600,000</u></u>

(i) The third unsecured convertible bonds

- 1) Coupon rate: 0%.
- 2) Issue period: 3 years (May 7, 2018, to May 7, 2021)
- 3) Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those which were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

(Continued)

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

4) Conversion period:

Beginning from three months after the issue date (August 8, 2018) until the maturity date (May 7, 2021), bondholders may convert the bonds into common stock according to the conversion arrangement.

5) The Company's call option (right of redemption):

Beginning from three months after the issue date (August 8, 2018) until 40 days before maturity (March 28, 2021), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEX to exercise its call option.

6) Bondholders' put option:

Bondholders are entitled to exercise the put option starting from two years after the issuance date (May 7, 2020) to sell back their shares at an exercise price of 101.0025%, with an annual yield rate of 0.5% of the face value of the bonds. Upon receipt of a sell-back request, the Company shall pay the amount to bondholders by cheque or electronic transfer within 5 working days of the put date.

7) Conversion price:

The record date of convertible bonds was April 26, 2018, with the benchmark price calculated by either 1, 3, or 5-day arithmetic average of the closing prices of the Group's common stock before the record date; and the conversion price (rounded to the nearest tenth NTD) calculated by multiplying the benchmark price by 102.8%, which is the conversion minimum rate. If the ex-dividend or ex-right occurs before the record date, its impact on the closing price should first be excluded in order to arrive at the closing price used to calculate the conversion price. However, if the ex-dividend or ex-right occurs between the record date and the issuance date, the conversion price will have to be adjusted by using the prescribed formula.

8) The third unsecured convertible bonds of the Group have already been transferred into common stock on June 30, 2020.

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

	2020
	<u>Third unsecured convertible bond</u>
Beginning balance	16
Valuation loss	(12)
Conversion	<u>(4)</u>
Ending balance	<u><u>\$ -</u></u>

(Continued)

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

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

	2020
Beginning balance	\$ 839
Less: conversion	839
Ending balance	\$ -

- (m) Lease liabilities

The amounts of leased liability were as follows:

	December 31, 2021	December 31, 2020
Current	\$ 40,965	71,422
Non-current	84,479	73,633
	\$ 125,444	145,055

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	\$ 5,131	7,246
Expenses relating to short-term leases	3,245	780
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	714	1,102

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

	2021	2020
Total cash outflow from operating activities	\$ 9,090	9,128
Total cash outflow from investing activities	76,960	138,916
Total cash outflow for leases	\$ 86,050	148,044

- (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.

(Continued)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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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 vehicles with lease terms of 1 to 7 years. Some of these leases are considered as short-term leases or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations for the Group were as follows:

	December 31, 2021	December 31, 2020
Net defined benefit liability	<u>\$ 55,342</u>	<u>61,021</u>

1) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

	2021	2020
Defined benefit obligation at January 1	\$ 61,021	45,144
Current service costs and interest	12,010	11,616
Remeasurements of the net defined benefit liability		
— Actuarial gains and losses arising from changes in demographic assumptions	(167)	(2,005)
— Actuarial gains and losses arising from changes in financial assumptions	(6,607)	1,997
Past service cost and profit and loss due to settlement	-	(2,738)
Benefit paid	(2,986)	(3,920)
Exchange differences on translation of foreign plans	(7,929)	(3,328)
The effects of business combination	-	14,255
Defined benefit obligation at December 31	<u>\$ 55,342</u>	<u>61,021</u>

(Continued)

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

2) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 8,227	6,820
Net interest on the net defined benefit liability	797	876
Past service cost and profit and loss due to settlement	-	(2,738)
	<u>\$ 9,024</u>	<u>4,958</u>

3) Remeasurements of the net defined benefit liability recognized under other comprehensive income

The Group's remeasurements of the net defined benefit liability recognized in other comprehensive income as of 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Cumulative amount at January 1	\$ (10,737)	(11,311)
Recognized losses during this period	(6,774)	(7)
Translation effect	803	581
Cumulative amount at December 31	<u>\$ (16,708)</u>	<u>(10,737)</u>

4) Actuarial assumptions

Assumptions used on calculating the present value of the defined benefit obligation as of December 31, 2021 and 2020 were as follow:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	1.86%~2.36%	1.21%~1.48%
Future salary increases (employees paid monthly)	1.00%~3.00%	1.00%~2.50%
Future salary increases (employees paid daily)	2.00%~3.00%	2.00%~3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$3,903 thousand.

The weighted average duration of the defined benefit plan is 9.25 years to 14.50 years.

5) Sensitivity analysis for actuarial assumption

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

(Continued)

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

As of December 31, 2021 and 2020, the effect of changes in actuarial assumption on the present value of the defined benefit obligation was as follows:

	The effect of defined benefit obligation	
	Increase 1.00%	Decrease 1.00%
At December 31, 2021		
Discount rate (changes 1.00%)	(7,098)	8,496
Future salary adjustment rate (changes 1.00%)	8,438	(7,177)
At December 31, 2020		
Discount rate (changes 1.00%)	(7,309)	8,782
Future salary adjustment rate (changes 1.00%)	8,614	(7,308)

The above sensitivity analysis is analyzed based on the effect of changes in single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for sensitivity analysis and calculation of net pension liability is the same.

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$1,000 thousand and \$939 thousand for 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$6,383 thousand and \$6,294 thousand as of December 31, 2021 and 2020, respectively.

(o) Income taxes

Under the tax regulations of Thailand, the maximum statutory income tax rate applicable to APT and APS was 20% in 2021 and 2020. APEX II, a new factory for APT, was approved by the Board of Investment of Thailand to have an exemption period between May 12, 2014 and May 11, 2022; while APEX I received an extension and renewal on its exemption period between January 1, 2018 and December 31, 2021. AET's Taiwan Branch and the Company's Taiwan Branch are subject to a maximum income tax rate of 20% in accordance with the Income Tax Act, and the Income Basic Tax Act has been applied to the calculation of AET's Taiwan Branch and the Company's Taiwan Branch's basic income tax. APC is subject to a maximum income tax rate of 25% in accordance with the Corporate Income Tax Law of the People's Republic of China. APSS is subject to a maximum income tax rate of 17% in accordance with the Corporate Income Tax Law of Singapore.

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

(i) Income tax expense

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 55,254	38,243
Adjustment for prior periods	<u>-</u>	<u>68</u>
	<u>55,254</u>	<u>38,311</u>
Deferred tax benefit		
Origination and reversal of temporary differences	\$ <u>(3,108)</u>	<u>(3,389)</u>
Income tax expense from continuing operations	<u>\$ 52,146</u>	<u>34,922</u>

Income tax recognized under other comprehensive income for 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Items that will not reclassified into profit and loss		
Remeasurements of defined benefit liability	\$ <u>262</u>	<u>-</u>

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Profit before income tax	\$ <u>1,436,028</u>	<u>1,238,677</u>
Income tax calculated by a statutory tax rate applied by subsidiaries	\$ 296,063	251,911
Adjustment in accordance with tax law	15,477	3,429
Tax-exempt income	(259,394)	(220,486)
Under provision in prior periods	<u>-</u>	<u>68</u>
Total	<u>\$ 52,146</u>	<u>34,922</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax losses	\$ <u>32,762</u>	<u>27,480</u>

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

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

The Group's estimated unused loss carry-forwards up to 2021, were as follows:

<u>Year of loss</u>	<u>Unused amount</u>	<u>Year of expiry</u>
The Company's Taiwan Branch		
2014	\$ 10,032	2024
2015	21,859	2025
2016	20,213	2026
2017	21,401	2027
2018	20,441	2028
2019	20,510	2029
2020	22,946	2030
2021	26,410	2031
	<u>\$ 163,812</u>	

2) Recognized deferred tax assets and liabilities

Deferred tax liabilities:

	<u>Fair value</u>	<u>Difference</u>	<u>Others</u>	<u>Total</u>
	<u>gains</u>	<u>between tax</u>		
		<u>purpose and</u>		
		<u>financial</u>		
		<u>reporting</u>		
		<u>purpose for</u>		
		<u>finance</u>		
		<u>leases</u>		
Balance at January 1, 2021	\$ 298	55,453	-	55,751
Recognized in profit or loss	504	7,208	45	7,757
Effect in exchange rate	(64)	(7,466)	(2)	(7,532)
Balance at December 31, 2021	<u>\$ 738</u>	<u>55,195</u>	<u>43</u>	<u>55,976</u>
Balance at January 1, 2020	\$ 5	52,175	-	52,180
Recognized in profit or loss	291	6,191	-	6,482
Effect in exchange rate	2	(2,913)	-	(2,911)
Balance at December 31, 2020	<u>\$ 298</u>	<u>55,453</u>	<u>-</u>	<u>55,751</u>

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

Deferred tax assets:

	Defined benefit plans	Unrealized impairment losses	Difference between tax purpose and financial reporting purpose for useful life of fixed assets	Others	Total
Balance at January 1, 2021	\$ 8,641	2,669	11,218	2,632	25,160
Recognized in profit or loss	1,995	3,982	1,466	3,422	10,865
Recognized in other comprehensive income	(262)	-	-	-	(262)
Effect in exchange rate	(1,195)	(534)	(1,511)	(366)	(3,606)
Balance at December 31, 2021	<u>\$ 9,179</u>	<u>6,117</u>	<u>11,173</u>	<u>5,688</u>	<u>32,157</u>
Balance at January 1, 2020	\$ 7,285	2,107	5,768	949	16,109
Recognized in profit or loss	1,757	669	5,735	1,710	9,871
Effect in exchange rate	(401)	(107)	(285)	(27)	(820)
Balance at December 31, 2020	<u>\$ 8,641</u>	<u>2,669</u>	<u>11,218</u>	<u>2,632</u>	<u>25,160</u>

(iii) Examination and approval

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

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

(p) Share capital and other equity

As of December 31, 2021 and 2020, the total value of authorized common stock is \$3,000,000 thousand. Par value of each share is \$10 (dollars), and in total, there are 300,000 thousand authorized common shares.

Reconciliation of shares outstanding for the years ended December 31, 2021 and 2020, was as follows:

	Unit: Thousand shares	
	2021	2020
Balance at January 1	189,938	189,041
Conversion of convertible bonds	-	897
Balance at December 31	<u>189,938</u>	<u>189,938</u>

(i) Issuance of common stock

In the year ended December 31, 2020, the third convertible bondholders converted bonds into common stock, and of which 897 thousand shares were converted at par value, amounting to \$8,971 thousand. Registration processes in relation to the bond conversion have been completed.

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2021	December 31, 2020
Premium on capital stock	\$ 2,378,112	2,378,112
Donation by shareholders	27,067	27,067
Gain or loss on entity's disposition of equity of the subsidiary	333	333
	\$ 2,405,512	2,405,512

(iii) Retained earnings

According to the amendment of the Company's articles of association which was approved by the shareholders' meeting held on June 2, 2015, the annual net income after paying income tax and offsetting prior years' accumulated deficit (if any) will be distributed in accordance with the regulations for special reserve, and the remaining distribution of earnings should be based on the following percentages:

- 1) Employees' bonus of 2% maximum.
- 2) Remuneration to directors and supervisors of 2% maximum.
- 3) Shareholders' dividend should not be lower than 10%, and its distribution should be based on the proportion of shares held by each shareholder. Board of Director should consider the actual operating conditions, future capital expenditures or other operating related significant matter in proposing the distribution of the unappropriated retained earnings in the beginning of the year.

When employees' bonus is distributed by issuing stock, the employees of the Company's subsidiaries who meet certain criteria are eligible to receive a bonus. The Company is not obliged to pay any interest on an undistributed dividend or bonus.

(iv) Special reserve

In accordance with Chin Kuan Cheng Fa No. 1010012865 issued on April 6, 2012, the Company shall set aside a special reserve equal to the net balance of other deductions in shareholders' equity in the current period from net income in the current period and prior unappropriated retained earnings before earnings distribution. The special reserve set aside based on the deductions in shareholders' equity that resulted from prior periods cannot be distributed to shareholders. The Company can distribute the special reserve only up to the amount of the reversal of such deductions.

As of December 31, 2021 and 2020, the special reserve was \$300,256 thousand.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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(v) Distribution of earnings

According to the Articles of Association, if the Company is profitable during the given accounting year, then the Company is allowed to set aside a maximum amount of 2% of its net profit as remuneration to employees, directors, and supervisors. However, when experiencing a cumulative loss, the Company shall first appropriate a reserve amount to offset the cumulative loss. The Company's estimated remuneration for employees, directors and supervisors for the years ended December 31, 2021 and 2020 was \$0 thousand and \$720 thousand, respectively. Should there be difference between the actual distribution amount that was resolved by shareholders' meeting and the estimated amount, it will be regarded as changes in accounting estimates and errors, and it will be adjusted in the Company's profit or loss for the given year.

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

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

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

The related information about the earnings distribution that was resolved during the shareholder's meeting and board meeting is available on the Market Observation Post System website.

(q) Earnings per share

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

	Unit: Thousand shares	
	<u>2021</u>	<u>2020</u>
Basic EPS:		
Net income	<u>\$ 1,377,897</u>	<u>1,198,609</u>
Weighted-average number of common shares outstanding	<u>189,938</u>	<u>189,819</u>
Basic EPS (New Taiwan Dollars)	<u>\$ 7.25</u>	<u>6.31</u>
Diluted EPS:		
Net income	\$ 1,377,897	1,198,609
Influence of dilutive expenses	<u>-</u>	<u>76</u>
Net income for calculating diluted EPS	<u>\$ 1,377,897</u>	<u>1,198,685</u>

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES
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	<u>2021</u>	<u>2020</u>
Weighted-average number of common shares outstanding	189,938	189,819
Conversion of convertible bonds	-	119
Weighted-average number of common shares outstanding – diluted	<u>189,938</u>	<u>189,938</u>
Diluted EPS (New Taiwan Dollars)	<u>\$ 7.25</u>	<u>6.31</u>

(r) Revenues from contracts with customers

(i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Singapore	\$ 3,049,293	2,159,955
Thailand	2,746,461	2,248,559
Vietnam	2,192,040	1,176,024
Korea	1,490,762	1,424,150
Samoa	1,537,104	1,033,734
Other	3,785,023	3,790,091
	<u>\$ 14,800,683</u>	<u>11,832,513</u>
Main product/service line		
Single-layer PCB sales	\$ 610,225	572,653
Double-layer PCB sales	4,811,756	2,287,823
Multi-layer PCB sales	9,322,546	9,038,365
Other	63,586	21,635
Less: sales return and allowance	(7,430)	(87,963)
	<u>\$ 14,800,683</u>	<u>11,832,513</u>

(ii) Remaining balances of contract

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes receivable	\$ -	661	-
Accounts receivable	4,378,017	3,690,646	2,892,485
Less: loss allowance	(47,187)	(6,896)	(21,041)
Total	<u>\$ 4,330,830</u>	<u>3,684,411</u>	<u>2,871,444</u>

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

(s) Non-operating income and expenses

(i) Interest income

The details of interest income are as follows:

	<u>2021</u>	<u>2020</u>
Interest income on bank deposits	\$ <u>525</u>	<u>1,473</u>

(ii) Other income

The details of other income are as follows:

	<u>2021</u>	<u>2020</u>
Income from cancellation of orders	\$ 20,224	15,571
Others	<u>15,013</u>	<u>20,457</u>
	<u>\$ 35,237</u>	<u>36,028</u>

(iii) Other gains and losses

The details of other gains and losses are as follows:

	<u>2021</u>	<u>2020</u>
Losses on disposal of property, plant and equipment	\$ (1,301)	(16,356)
Foreign exchange gains (losses), net	(15,063)	85,370
Valuation gains (losses) on financial assets (liabilities), net	1,570	(7,118)
Impairment loss	(16,997)	(17,435)
Gain on lease modifications	27	1,440
Other	<u>(131)</u>	<u>(154)</u>
	<u>\$ (31,895)</u>	<u>45,747</u>

(iv) Finance cost

The details of finance cost are as follows:

	<u>2021</u>	<u>2020</u>
Interest expense on loans from banks	\$ 84,533	41,071
Interest expense on lease liabilities	5,131	7,246
Less: interest expense capitalized	(44,417)	(9,699)
Amortization of discount on bonds payable	<u>-</u>	<u>64</u>
	<u>\$ 45,247</u>	<u>38,682</u>

(Continued)

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

(t) Financial instruments

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure. The maximum risk exposure amounts were \$5,218,089 thousand and \$4,599,992 thousand as of December 31, 2021 and 2020, respectively.

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 38% and 40% of the total amount of notes and accounts receivable as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Group's accounts receivable concentrated on three main customers were \$1,664,796 thousand and \$1,455,501 thousand, respectively.

3) Credit risk of accounts receivable

Please refer to note 6(c) for information on credit risk of accounts receivable; and note 6(d) for details of other receivables. All of other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Short-term loans	\$ 2,501,866	2,507,677	2,507,677	-	-
Long-term loans	4,118,801	4,318,904	1,169,251	789,860	2,359,793
Lease liabilities	125,444	133,532	44,238	33,716	55,578
Accounts payable	3,537,424	3,537,424	3,537,424	-	-
Other payables (including payables on equipment)	1,632,808	1,632,808	1,632,808	-	-
Long-term payable	232,619	232,619	-	218,098	14,521
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(928,601)	(928,601)	-	-
Outflow	4,322	932,923	932,923	-	-
	<u>\$ 12,153,284</u>	<u>12,367,286</u>	<u>8,895,720</u>	<u>1,041,674</u>	<u>2,429,892</u>

(Continued)

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Secured bank loans (including FV adjustment)	\$ 1,750,016	1,829,623	348,103	1,041,945	439,575
Unsecured bank loans	1,947,860	1,973,000	1,368,809	466,358	137,833
Lease liabilities	145,055	153,151	75,113	31,058	46,980
Accounts payable	2,434,679	2,434,679	2,434,679	-	-
Other payables (including payables on equipment)	1,004,161	1,004,161	1,004,161	-	-
Long-term payable	135,118	135,118	-	104,016	31,102
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(303,015)	(303,015)	-	-
Outflow	8,279	311,294	311,294	-	-
	<u>\$ 7,425,168</u>	<u>7,538,011</u>	<u>5,239,144</u>	<u>1,643,377</u>	<u>655,490</u>

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

(iii) Currency risk

1) Currency risk exposure

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

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>
Financial assets						
Monetary items						
USD	\$ 143,590	27.59	3,961,867	129,502	28.43	3,681,969
Financial liabilities						
Monetary items						
USD	131,078	27.86	3,651,461	143,829	28.69	4,127,128

2) Sensitivity analysis

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

(Continued)

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

A 5% strengthening of the NTD and THB against the USD as at December 31, 2021 and 2020, would have increased (decreased) net profit before tax for the years ended December 31, 2021 and 2020, by \$(16,000) thousand and \$22,000 thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2020.

3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group disclose its exchange gains and losses of monetary items aggregately. The Company's exchange gains (losses), including realized and unrealized, were \$(15,063) thousand and \$85,370 thousand for the years ended December 31, 2021 and 2020, respectively.

(iv) Interest rate risk

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

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

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

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$16,453 thousand and \$9,258 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

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

	December 31, 2021				
	Amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets measured of fair value through profit or loss					
Derivative financial assets – current	\$ 9,285	-	9,285	-	9,285

(Continued)

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

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

(Continued)

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

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities and payment request or payment amount of future cash flow will not be changed due to timing difference, and the book value shall be estimate by the fair value's basis. This method applys to: cash and cash in bank, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans and payables for machinery and equipment.

ii) Fair value of long-term debt, lease liabilities, and long-term payable is estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and lease payable. However, long-term debt is recognized by its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate. Long-term payable is calculated based on the weighted-average cost of capital (WACC). There were no significant differences between book value and discounted present value. Thus, long-term payable is recognized by book value.

b) Derivative financial instruments

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

(u) Financial risk management

(i) Overview

The Group has exposure to the following risks arising from financial instruments:

1. Credit risk.
2. Liquidity risk.
3. Market risk.

This note presents information about the Group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Group's management monitors risk exposure, risk control, and the managing process and ensures appropriate handling to balance the risk and control.

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

The Group minimizes the risk exposure through derivative financial instruments. The management of the finance department regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy in consideration of the risks arising from financial instruments such as credit risk, currency risk, and interest rate risk to which the Group is exposed. The Group has no transactions involving financial instruments (including derivative financial instruments) for the purpose of speculation.

The finance department reports the results of derivative financial instruments to the board of directors on a quarterly basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank deposits.

1) Receivables and other receivables

The finance department and business department have established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial statement analysis, external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and need to be approved according to the Group's authorization limit. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

2) Investments

The credit risk exposure of the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating and also subsidiaries were monitored by the Group, therefore there are no significant default risk and significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. For information on guarantees as of December 31, 2021 and 2020, please refer to note 13.

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2021 and 2020, the Group's unused credit line were amounted to \$4,709,127 thousand and \$8,325,346 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial assets and financial liabilities, in order to manage market risks. All such transactions are carried out within the scope of the Group's internal control policy. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than New Taiwan dollar (TWD) which is the functional currency of the Company. The functional currency of subsidiaries are the Thai Baht (THB), Ren Min Bi (CNY) and Singapore dollar (SGD). The currencies used in these transactions are the THB, USD, CNY, SGD and TWD.

Interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the THB and the USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

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

(v) Capital management

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

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

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

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

	December 31, 2021	December 31, 2020
Net liabilities	<u>\$ 12,365,742</u>	<u>7,607,391</u>
Total equity	<u>\$ 7,396,475</u>	<u>7,624,632</u>
Debt-to-equity ratio	<u>167.18 %</u>	<u>99.77 %</u>

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

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

	Unit: thousands of THB	
	December 31, 2021	December 31, 2020
Net liabilities	<u>\$ 13,677,756</u>	<u>6,472,870</u>
Total equity	<u>\$ 9,523,298</u>	<u>9,085,963</u>
Debt-to-equity ratio	<u>143.62 %</u>	<u>71.24 %</u>

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

(w) Non-cash investing and financing activities

For the years ended December 31, 2021 and 2020, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through finance leasing, as well as the conversion of convertible bonds into common stock. Please refer to notes 6(l), (m) and (p) for related information.

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

Reconciliation of liabilities from financing activities were as follows:

	January 1, 2021	Obtained from acquisition	Cash flows	Non-cash changes			December 31, 2021
				Acquisition or termination of contracts	Translation effect	Amortization of discount	
Long-term loans	\$ 2,327,927	-	2,089,905	-	(299,031)	-	4,118,801
Short-term loans	1,369,949	-	1,376,973	-	(245,056)	-	2,501,866
Lease liabilities	145,055	-	(76,960)	75,021	(17,672)	-	125,444
Total liabilities from financing activities	<u>\$ 3,842,931</u>	<u>-</u>	<u>3,389,918</u>	<u>75,021</u>	<u>(561,759)</u>	<u>-</u>	<u>6,746,111</u>

	January 1, 2020	Obtained from acquisition	Cash flows	Non-cash changes			December 31, 2020
				Acquisition or termination of contracts	Translation effect	Amortization of discount	
Long-term loans	\$ 1,101,544	-	1,259,654	-	(33,271)	-	2,327,927
Short-term loans	899,218	132,192	394,084	-	(55,545)	-	1,369,949
Lease liabilities	244,360	169	(138,916)	53,490	(14,048)	-	145,055
Corporate bonds payable	17,797	-	-	-	-	64	(17,861)
Total liabilities from financing activities	<u>\$ 2,262,919</u>	<u>132,361</u>	<u>1,514,822</u>	<u>53,490</u>	<u>(102,864)</u>	<u>64</u>	<u>3,842,931</u>

(7) Related-party transactions:

- (a) Parent Company and ultimate controlling party

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

- (b) Names and relationship with related parties

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

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

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

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

(c) Significant transactions with related parties

(i) Acquisitions of share

The Group acquired 99.99% shares of APS with total amount of \$277,485 thousand (THB 274,983 thousand) from related parties. The amounts that the Group paid to related party for the year ended December 31, 2020 were summarized as below:

	<u>2020</u>
Wang Chin Shin	\$ 57,843
Wang Chang Tao	28,255
Wang Chong Hsien	<u>83,163</u>
Total	<u><u>\$ 169,261</u></u>

(ii) Guarantee

For the years ended December 31, 2021 and 2020, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

(d) Management personnel compensation

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 50,730	46,570
Post-employment benefits	112	773
Other long-term benefits	<u>5</u>	<u>7</u>
	<u><u>\$ 50,847</u></u>	<u><u>47,350</u></u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other financial assets – non-current:			
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 8,206	4,311
Property, plant, and equipment:			
Land	Long-term and short-term loans	363	416
Buildings	Long-term and short-term loans	35,826	47,541
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,100,397	900,820
Total		<u><u>\$ 1,144,792</u></u>	<u><u>953,088</u></u>

(Continued)

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

(9) Significant commitments and contingencies:

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

	December 31, 2021	December 31, 2020
Acquiring property, plant and equipment	\$ 1,165,428	1,615,496
Long-term commitments	42,990	82,078
Total	<u>\$ 1,208,418</u>	<u>1,697,574</u>

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

	December 31, 2021	December 31, 2020
Letters of credit	<u>\$ 149,333</u>	<u>110,431</u>

(c) Guarantees provided by banks were as follows:

	December 31, 2021	December 31, 2020
Electricity guarantee	<u>\$ 78,785</u>	<u>84,154</u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

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

Function Account	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	1,822,921	346,367	2,169,288	1,576,552	314,610	1,891,162
Health insurance	-	1,723	1,723	-	1,555	1,555
Pension	5,625	4,399	10,024	694	5,203	5,897
Other personnel expense	146,554	126,849	273,403	146,863	55,007	201,870
Depreciation	706,804	100,436	807,240	656,426	90,088	746,514
Amortization	6,211	10,681	16,892	6,015	8,989	15,004

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

(13) Other disclosures:**(a) Information on significant transactions:**

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
1	The Company	APT	2	22,189,425 (Note 2)	7,303,954	6,538,800	4,512,382	-	88.40 %	22,189,425 (Note 3)	Y	N	N
2	The Company	APS	2	22,189,425 (Note 2)	142,110	-	-	-	- %	22,189,425 (Note 3)	Y	N	N
3	APT	The Company	3	3,952,173 (Note 4)	1,027,128	996,797	498,420	-	13.48 %	3,952,173 (Note 5)	N	Y	N
4	APT	APS	2	3,952,173 (Note 4)	545,950	506,300	351,788	-	6.85 %	3,952,173 (Note 5)	N	N	N

Note 1: Relationships with Guarantors and Obligees

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

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

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

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

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

- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

Company name	Counterparty	Nature of relationship (note 2)	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remarks
			Purchase/Sale	Amount	Percentage of total purchases (sales) (%)	Credit terms (days)	Unit price	Payment terms	Ending balance of notes and accounts receivable (payable)	Percentage of total notes and accounts receivable (payable) (%)	
Approach Excellence Trading Co., Ltd.	Apex Circuit (Thailand) Co., Ltd.	3	Sales	122,273	95.51 %	Note 1	-	-	23,338	92.80 %	Note 3

Note 1: There were no significant differences between the terms of transactions with related parties and those carried out with other normal clients.

Note 2: 1. Parent company to subsidiary company.
2. Subsidiary company to parent company.
3. Subsidiary company to subsidiary company.

Note 3: Related-party transactions have been eliminated in the preparation of the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b)
- (x) Business relationships and significant intercompany transactions: There were no significant transactions.

(Continued)

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

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,311,762	3,311,762	143,194	99.58 %	7,871,138	1,425,709	1,419,721	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	6,198	(419)	(21)	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	185,972	(33,537)	(33,534) (Note 3)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	4,382	1,732	(670)	

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

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

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

(c) Information on investment in China:

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

Unit: in thousands of dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Supply Chain integration	8,488 (RMB2,000)	2	-	-	-	-	(16,646) (RMB3,831)	99.58 %	(19,486) (RMB4,485)	(17,543) (RMB3,974)	-

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

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

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

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

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

Note 5: The book value at end of year are calculated by using the exchange rate on December 31, 2021 (BS exchange rate RMB:TWD=1:4.4144). The net income (loss) of the investee company and investment gains (losses) recognized by the parent company are calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.3448).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

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

(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Lu Yan Xian		18,000,000	9.47 %
Jin Da He Co., Ltd.		10,700,000	5.63 %
JHIH SYUAN ASSET MANAGEMENT Co., Ltd.		10,000,000	5.26 %

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

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

(14) Segment information:

(a) General information

The Group has a reportable segment, Thailand, which manufactures and sells PCBs. The Group's reportable segment is a regional business unit. Because each regional business unit requires different technology and marketing strategies, they need to be managed separately. The Group did not allocate income tax expense to reportable segments. Each reportable segment's profit or loss included depreciation expenses, amortization expenses, and all other material non-cash items. The amount reported should be consistent with the report used by the chief operating decision maker. The accounting policies of the operating segments are the same as described in Note (4) significant accounting policies. The Group's operating segments' profits and losses are measured based on the income before income tax, and used as the basis for assessing the segments' performance. Reconciliation and elimination are mainly about elimination between operating segments.

"Others" operating segments of the Group include one company engaging in sales of materials for PCBs and one holding company, both of which have not exceeded the quantitative thresholds to disclose for the years ended December 31, 2021 and 2020.

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

	December 31, 2021			
	Thailand	Others	Adjustments and eliminations	Consolidated
Revenue:				
Revenue from external customers	\$ 14,798,936	-	1,747	14,800,683
Revenue from transactions with other operating segments	16,745	285,076	(301,821)	-
Total revenue	\$ 14,815,681	285,076	(300,074)	14,800,683
Interest expense	\$ 41,818	3,429	-	45,247
Depreciation and amortization	\$ 820,067	4,065	-	824,132
Segment's profit or loss	\$ 1,509,085	(57,192)	(15,865)	1,436,028
Segment's assets	\$ 19,534,260	177,986	83,177	19,795,423
	December 31, 2020			
	Thailand	Others	Adjustments and eliminations	Consolidated
Revenue:				
Revenue from external customers	\$ 11,832,488	-	25	11,832,513
Revenue from transactions with other operating segments	5,075	148,684	(153,759)	-
Total revenue	\$ 11,837,563	148,684	(153,734)	11,832,513
Interest expense	\$ 26,911	11,771	-	38,682
Depreciation and amortization	\$ 757,065	4,453	-	761,518
Segment's profit or loss	\$ 1,284,375	(30,321)	(15,377)	1,238,677
Segment's assets	\$ 14,967,811	125,158	175,393	15,268,362

(b) Product and service information

The Group operates in a single industry: manufacturing and selling printed circuit boards. Hence, the disclosure of business segment information is not required.

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

(c) Geographic financial information

Export sales revenue by country is based on the billing location of the customer, and non-current assets by location are based on where the assets are located. The information is as follows:

Export sales

Region	2021	2020
Singapore	\$ 3,049,293	2,159,955
Thailand	2,746,461	2,248,559
Vietnam	2,192,040	1,176,024
Korea	1,490,762	1,424,150
Samoa	1,537,104	1,033,734
Others	<u>3,785,023</u>	<u>3,790,091</u>
Total	<u><u>\$ 14,800,683</u></u>	<u><u>11,832,513</u></u>

Non-current assets:

Region	December 31, 2021	December 31, 2020
Taiwan	\$ 6,218	3,569
China	1,486	2,294
Singapore	559	895
Thailand	<u>10,673,010</u>	<u>8,298,375</u>
Total	<u><u>\$ 10,681,273</u></u>	<u><u>8,305,133</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and prepayment for equipment, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information on major customers

Revenue on major customers for more than 10% of the Group's total revenue are as follows:

	2021	2020
A customer from Thailand segment	<u><u>\$ 4,682,684</u></u>	<u><u>2,442,213</u></u>
B customer from Thailand segment	<u><u>\$ 1,537,104</u></u>	<u><u>1,161,106</u></u>

Apex International Co., Ltd.

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SANDBOX

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