



Stock Code 4927

# APEX INTERNATIONAL CO., LTD.

# Annual Report 2022

(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:**

<https://mops.twse.com.tw>

**Apex URL:**

<https://www.apex-intl.com.tw/>

Printed on April 2, 2023

## Spokesperson

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## Deputy Spokesperson

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## Head Office

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**Taiwan Branch**

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## Headquarters and Thailand Office

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APEX 1 (Branch Office)

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Tel: +886-2-2717 0032

**Taiwan Branch**

Approach Excellence Trading Ltd. Taiwan Branch

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## Registrar & Transfer Agent

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**CTBC Bank Co., Ltd. Transfer Agency**

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## Auditing CPAs in the Most Recent Year

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**Chun-I Chang & Chun-Hsiu Kuang** at KPMG Taiwan

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## Overseas Stock Exchange

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None

### Board Members

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

### Designated Agent in Taiwan

Shu-Mu Wang / Chairman

Tel: +886-2-2717 0032 woodywang@apexcircuit.com

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# 1. Letter to Shareholders

Dear Shareholders,

Here the Senior Management Team presents the operating result of 2022 by this report. In the post-Covid19 era, with the opening of the borders of various countries, the recovery of industrial production and the easing of the global supply chain, the global economy was expected to be better, but under the staggered influence of various negative factors in 2022, such as geopolitical conflicts and war, inflation rate policy adjustments, and elimination of high inventory, the demand for consumer electronics has not continued to grow optimistically like 2021. Not only is the company's production capacity gradually increasing in accordance with our long-term plan, but also external demand is slowing down, the actual profit performance in 2022 is lower than that in 2021. Facing of huge changes in the market and economic environment, the pressure of competition reminds us to keep working hard, but we are deeply confident in creating corporate value and contributing to the society with our professional technology, rapid response for clients and continuous improvement of management capabilities.

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. 2022 Business Report

### (1) Results of Business Plans Implemented

Amount Unit: NT\$ Million	2022		2021		Change %
	Amount	% to sales	Amount	% to sales	
Operating revenue	14,906	100%	14,801	100%	1%
Operating costs	12,077	81%	11,682	79%	3%
Gross profit	2,829	19%	3,119	21%	-9%
Operating income	1,011	7%	1,477	10%	-32%
Interest expense	162	1%	45	0%	260%
Profit before tax	946	6%	1,436	10%	-34%
Profit after tax	878	6%	1,384	9%	-37%

In 2022, the economy turned from prosperity to decline, and the actual revenue figures is declined quarter by quarter, and until the revenue in Q4 strengthened again due to stronger demand. On the whole, the revenue in 2022 is slightly better than that in 2021. The decrease in gross margin was due to use of high-priced materials and an increase in fixed manufacturing overhead resulting from the new factory. Due to the interest rate increasing and the level of bank financing remained high in 2022, so 2022 interest expense is triple than that in 2021. Overall, we worked hard to cope with severe internal and external challenges, however the amount of profit still declined compared with last year.

### (2) Budget Implementation

Actual sales amount in 2022 was NT\$ 14.9 billion which is 72% of budgeted number NT\$ 20.6 billion. However, the actual net profit after tax was 32% of budgeted number because of above reasons.

### (3) Financial Structure

Financial Ratio	2022	2021
Debt ratio (%)	59.88%	62.46%
Ratio of long-term capital to fixed assets (%)	111.82%	107.40%
Current ratio (%)	110.85%	101.92%
Receivables turnover ratio (time)	3.53	3.66
Inventory turnover ratio (time)	3.27	3.73
Return on assets ratio (%)	5.06%	8.09%
Return on equity ratio (%)	11.36%	18.34%
Earnings per share (NT dollar)	4.60	7.25

Because of continually making profit generated cash flow in 2022, reducing inventory and adjusting the ratio of long-term and short-term borrowing, which led to positive development of financial structure and liquidity-related ratios. Account receivable turnover rate went down because higher average balance caused by Q4 Revenue increasing that made calculation result lower. Inventory turnover rate went down is because weakening demand in the market and slow destocking led to the average balance higher that made calculation result lower. Profitability underperformed for the reasons stated in the previous paragraph.

### (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 2022 are as follows:

- 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: < 0.15mm and aspect ratio 1) drilling process

In 2023, Apex will carry out the following plans:

- Develop multilayer PCB, reaching 10-14 layers
- develop to increase multilayer in HDI process

## 2. 2023 Business Outlines

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### (1) Business Policies

- Concentration on the traditional rigid PCB from single-sided 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

After going through the difficulties in 2022, the 2023 global economic growth is still not optimistic, 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. Facing the conservative outlook of global consumer

electronics products in 2023, APEX will be ready to meet the turning point of the boom. APEX expected that the sales amount and quantity in 2023 will seek the possibility of development on the basis of 2022.

### (3) Production and Marketing Policy

Apex's monthly capacity will maintain 1,050 thousand square meters in Y2023.

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**

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

- (1) Using the upgraded machineries being invested to diversify the high-end product application on the Apex 2&3.
- (2) Speed up the learning curve on Apex 2&3 on new products so as to improve her profit structure
- (3) Consolidate existing customer base and product orders, continuously accelerate new product. Development and new customer certification to expand customer base and enrich product categories.
- (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 all factories 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**

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#### (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 the impact of the breakdown of globalization (there was a Sino-US trade war, but now it is de-Sinicization, and even de-Taiwanization), 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 2023, 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 2022, Apex successfully made profit founded by her solid and long-term management culture. In 2023, 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**

A handwritten signature in black ink, appearing to read 'Shu-Mu Wang', with a long horizontal flourish extending to the right.

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

Year	Important Group and Company Events
2010	<ul style="list-style-type: none"> <li>● The investment in Auto-Drilling Technology Co., Ltd. was increased to boost drill press production capacity.</li> <li>● The capital was increased to NT\$ 842 million to expand production capacity.</li> <li>● 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.</li> <li>● The Taiwan office was established.</li> <li>● New customers: Panasonic and Pace</li> </ul>
2011	<ul style="list-style-type: none"> <li>● 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.</li> <li>● The inner layer production capacity was raised by a large margin to meet the demand for multi-layer boards.</li> <li>● Apex made an investment to set up Approach Excellence Trading Ltd. a subsidiary, to be in charge of procurement in Taiwan for the group.</li> <li>● Apex was listed in Taiwan on October 18.</li> <li>● The Board of Investment of Thailand gave the approval for the five-year tax exemption for Plant B to extend to eight years.</li> <li>● New customer: Toshiba HDD</li> </ul>
2012	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● Apex 2 launched the trial first phase production in Q4.</li> <li>● Apex acquired new Japanese and Korean customers.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● Apex 2 officially began the first phase production in Q1.</li> <li>● Production of 8-layer boards started.</li> </ul>
2015	<ul style="list-style-type: none"> <li>● Apex 2 officially began the second phase production in Q2.</li> <li>● Apex has been listed in TWSE on September 8.</li> </ul>
2016	<ul style="list-style-type: none"> <li>● Apex 2 officially began the third phase production in Q4.</li> </ul>
2017	<ul style="list-style-type: none"> <li>● Apex 2 officially began the third phase production in Q3.</li> </ul>
2018	<ul style="list-style-type: none"> <li>● Selected as Samsung VD member and become Samsung's Honorary Strategic Partner.</li> </ul>
2019	<ul style="list-style-type: none"> <li>● The Company signed a syndicated loan agreement.</li> <li>● Subsidiary Apex Circuit (Thailand) Co., Ltd. obtaining Shye Feng Enterprise (Thailand) Co., Ltd. shares.</li> </ul>
2020	<ul style="list-style-type: none"> <li>● The Expansion of New Factory Apex 3.</li> <li>● Apex was awarded with the Outstanding Overseas Taiwanese SMEs Award.</li> <li>● The Company was selected into MSCI World Small Cap Index.</li> </ul>

Year	Important Group and Company Events
2021	<ul style="list-style-type: none"> <li>● The Company was selected into TWSE Corporate Governance 100 Index.</li> <li>● The Company was awarded the 2021AREA-Health Promotion Award.</li> <li>● The Company was awarded the 2021 TCSA Corporate Sustainability Reports Award</li> <li>● Launch of renewable energy project.</li> <li>● Apex 3 starts operation with a monthly production capacity of 240 thousand square meters.</li> </ul>
2022	<ul style="list-style-type: none"> <li>● Apex launched the "Apex GREEN Project" to strengthen our ESG development with three main topics, which are "Renewable Energy", "Wastewater Recycling" and "Improving Energy Efficiency".</li> <li>● The Company was awarded the 2022AREA-Health Promotion Award.</li> <li>● Apex ranked top 6%~20% in the Corporate Governance Evaluation for seven consecutive years.</li> </ul>

### 2.3 Group Structure

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Please see 8.1.

### 2.4 Risk Management

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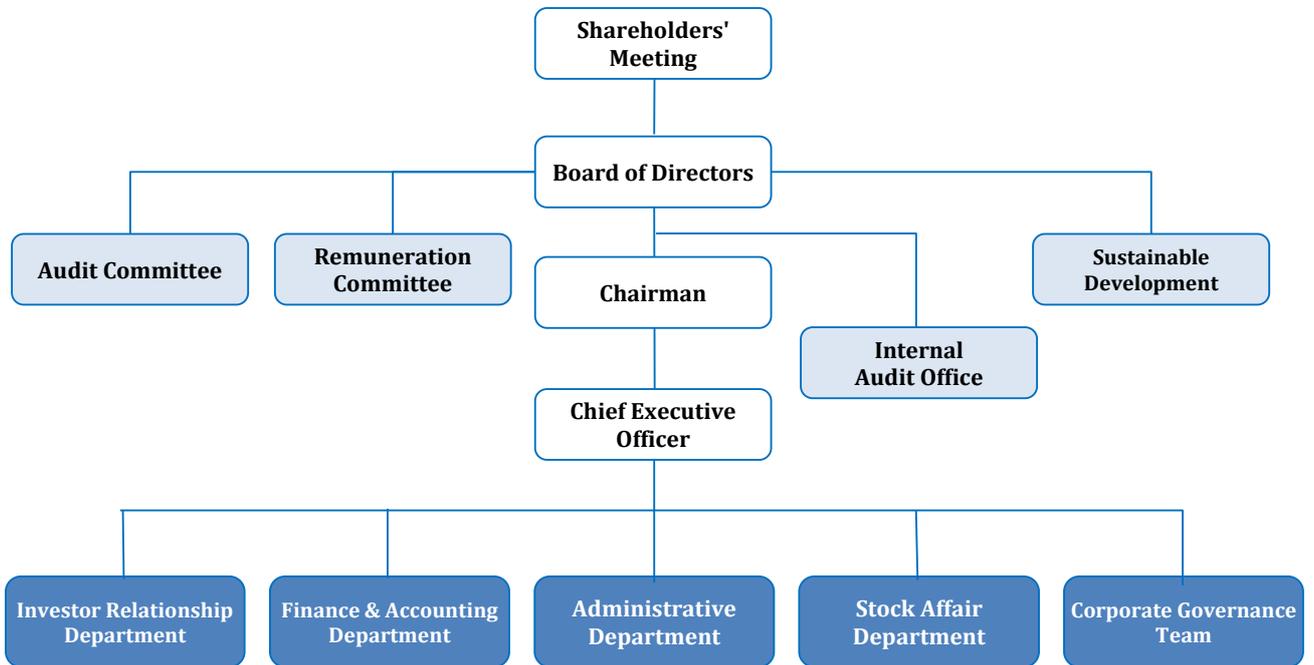
Please see 7.6.

# 3. Corporate Governance Report

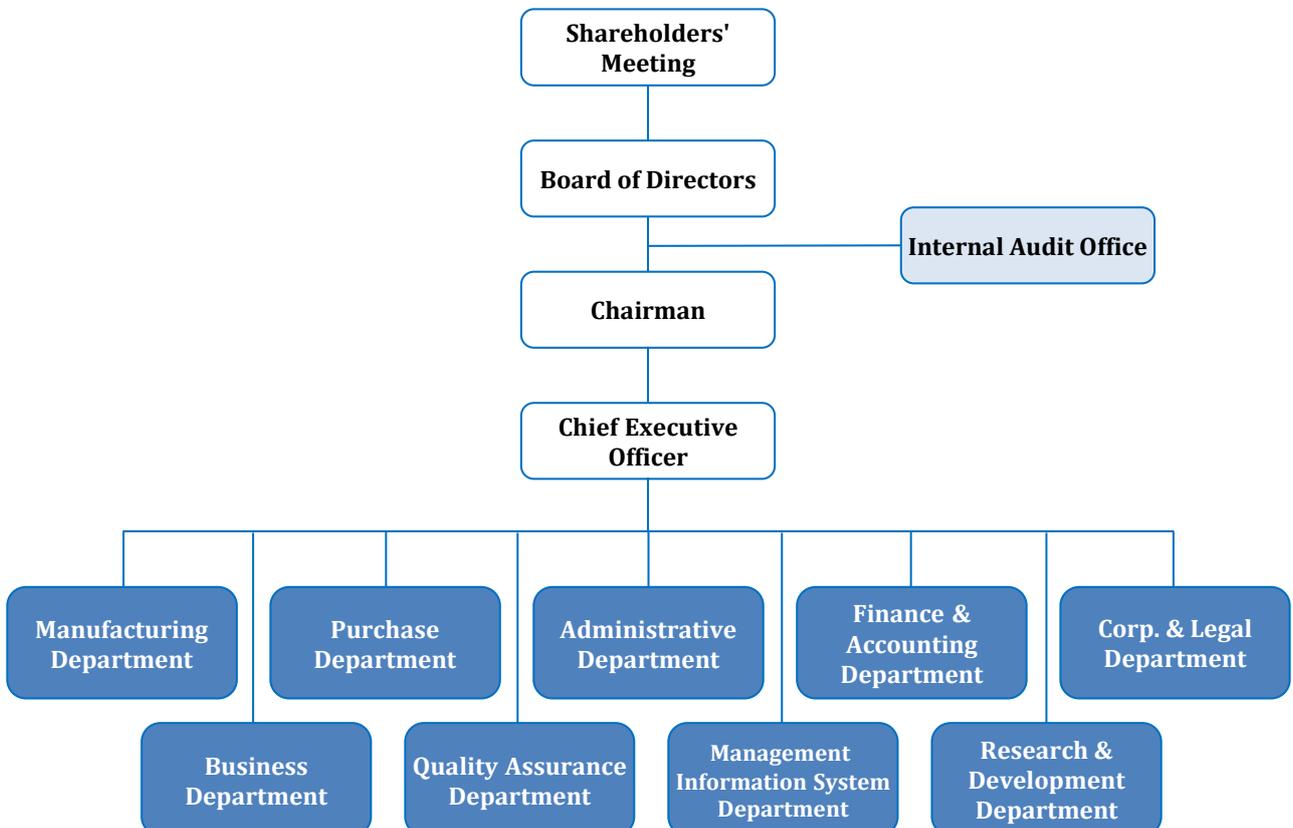
## 3.1 Organization

Organization Chart

■ API



■ 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>
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 System 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>
Corp. & Legal Department	<p>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.</p>
Taiwan Branch	<p>Administrative Department:</p> <ul style="list-style-type: none"> <li>● Management of procurement, general affairs, business affairs and company property</li> </ul>

Name of Department	Functions
	<ul style="list-style-type: none"> <li>● Management of personnel, payroll and training</li> </ul> <p>Finance Department:</p> <ul style="list-style-type: none"> <li>● Bank credit extension and correspondence</li> <li>● Analysis of interest and exchange rates and establishment of hedging plans</li> <li>● Long-term fund raising and short-term financing</li> <li>● Provision of support in financial analysis of special projects and assessment of financial risk</li> </ul> <p>Accounting Department:</p> <ul style="list-style-type: none"> <li>● Establishment and improvement of the accounting system</li> <li>● Accounting department checkout and posting of Accounting information on the Market Observation Post System</li> </ul> <p>Investor Relations Department:</p> <ul style="list-style-type: none"> <li>● Promote sound corporate governance systems</li> <li>● Maintaining relationships with the Group's shareholders and the broader investment community</li> </ul> <p>Stock Affair Department:</p> <ul style="list-style-type: none"> <li>● Stock affair management and related procedure handling</li> <li>● Managing meetings of the Board of Directors, functional committees and AGM, and the matters related to distribution of dividends</li> </ul>

### 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

Apr. 02, 2023; 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
						Shares	%	Shares	%	Shares	%	Shares	%			Title/ Name/ Relation
Chairman <b>Shu-Mu Wang</b>	R.O.C.	Male 63	2022. 05.24	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 <b>Jui-Hsiang Chou</b>	R.O.C.	Male 63	2022. 05.24	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.	Chief Executive Officer, Apex International Co., Ltd. Director & Chief Executive Officer, Apex Circuit (Thailand) Co., Ltd. Director, Shye Feng Enterprise (Thailand) Co., Ltd.	None
Director <b>Yung-Yuan Cheng</b>	R.O.C.	Male 64	2022. 05.24	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 <b>Shun-Chung Lee</b>	R.O.C.	Male 53	2022. 05.24	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
Director <b>Sen-Tien Wu</b>	R.O.C.	Male 54	2022. 05.24	3	2016. 06.15	0	0.00	0	0.00	0	0.00	0	0.00	Dept. of Banking, National Chengchi University Director & Corporate Governance Officer, Apex International Co., Ltd.	Chief Strategy Officer & Vice President, Apex International 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 <b>Somkiat Krajangjaeng</b>	Thailand	Male 61	2022. 05.24	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 <b>Tu-Chuan Chen</b>	R.O.C.	Male 62	2022. 05.24	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 <b>Chau-Chin Su</b>	R.O.C.	Male 67	2022. 05.24	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 <b>Yung-Tsai Chen</b>	R.O.C.	Male 62	2022. 05.24	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
Independent Director <b>Jesadavat Priebjrivat</b>	Thailand	Male 66	2022. 05.24	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, Sansiri Public Co., Ltd.	None
Independent Director <b>Ray-Hua Horng</b>	R.O.C.	Female 58	2022. 05.24	3	2022. 05.24	0	0.00	0	0.00	0	0.00	0	0.00	Doctor, Institute of Electrical Engineering, National Sun	Distinguished Professor, Institute of Electronics, National Yang Ming	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
														Yat-sen University Distinguished Professor, Institute of Electronics, National Yang Ming Chiao Tung University Distinguished Professor, Graduate Institute of Precision Engineering, National Chung Hsing University Jointly Appointed Professor, Department of Electro-Optical Engineering, National Cheng Kung University Dean Photonics Program, International College of Innovation and Industry Liaison, Engineering Division, National Chung Hsing University Chairperson, Engineering and Technologies Department, Ministry of Science and Technology, Taiwan	Chiao Tung University	

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

Criteria Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<i>Chairman</i> <b>Shu-Mu Wang</b>	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.	<ul style="list-style-type: none"> <li>➢ Concurrently serving as the Chairman &amp; Chief Strategy Officer of the Company's Subsidiary. A director with the position of managerial personnel.</li> <li>➢ 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.</li> </ul>	0
<i>Director</i> <b>Jui-Hsinag Chou</b>	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.	<ul style="list-style-type: none"> <li>➢ Concurrently serving as the Director &amp; CEO of the Company and the Company's Subsidiary. A director with the position of managerial personnel.</li> <li>➢ 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.</li> </ul>	0
<i>Director</i> <b>Yung-Yuan Cheng</b>	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.	<ul style="list-style-type: none"> <li>➢ Concurrently serving as the Executive Vice President of the Company's Subsidiary. A director with the position of managerial personnel.</li> <li>➢ 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.</li> </ul>	0
<i>Director</i> <b>Tu-Chuan Chen</b>	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.	<ul style="list-style-type: none"> <li>➢ Concurrently serving as the Chief Technology Officer of the Company's Subsidiary. A director with the position of managerial personnel.</li> <li>➢ 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.</li> </ul>	0

Criteria	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<p><i>Director</i> <b>Shun-Chung Lee</b></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"> <li>➤ Concurrently serving as the Chief Business Officer of the Company's Subsidiary. A director with the position of managerial personnel.</li> <li>➤ 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.</li> </ul>	0
<p><i>Director</i> <b>Sen-Tien Wu</b></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"> <li>➤ Concurrently serving as the Chief Strategy Officer &amp; Vice President of the Company. A director with the position of managerial personnel.</li> <li>➤ 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.</li> </ul>	0
<p><i>Director</i> <b>Somkiat Krajangjaeng</b></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"> <li>➤ Concurrently serving as the Management Representative &amp; Consultant of the Major Subsidiary.</li> <li>➤ 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.</li> </ul>	0
<p><i>Independent Director</i> <b>Chau-Chin Su</b></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"> <li>➤ 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 and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their</li> </ul>	0

Criteria	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
<i>Independent Director</i> <b>Yung-Tsai Chen</b>	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.	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> <b>Jesadavat Priebjrivat</b>	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 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
<i>Independent Director</i> <b>Ray-Hua Horng</b>	Doctor, Institute of Electrical Engineering, National Sun Yat-sen University Independent Director Ray-Hua Horng specialized in Solid-state Light Sources, Solar Cells, Power Device, High Speed Transistor Device Design, Flexible Light Source, Organic Metal Chemical Vapor Deposition Technology, Epitaxy Transfer Technology and Wafer Bonding Technology. In R&D results and terms of application performance. Dr. Horng has a number of invention patents and technology transfer.		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, four independent directors have been elected 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 11 directors, including 4 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	63	-			v	v	v	v
Jui-Hsiang Chou	R.O.C.	Male	v	63	-			v	v	v	v
Yung-Yuan Cheng	R.O.C.	Male	v	64	-				v		v
Shun-Chung Lee	R.O.C.	Male	v	53	-				v	v	
Sen-Tien Wu	R.O.C.	Male	v	54	-	v		v	v	v	v
Somkiat Krajangjaeng	Thailand	Male	v	61	-				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
Tu-Chuan Chen	R.O.C.	Male	v	62	-				v		
Chau-Chin Su	R.O.C.	Male		67	6				v		
Yung-Tsai Chen	R.O.C.	Male		62	6	v	v	v	v	v	
Jesadavat Priebjrivat	Thailand	Male		66	11		v	v	v	v	v
Ray-Hua Horng	R.O.C.	Female		58	0.5				v		

#### 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 Sixth session of the board member, foreign directors account for 18%, independent directors account for 36% and female director account for 9%. 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.

All directors of Sixth session possess knowledge of the industry and international market perspective. Directors Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Tu-Chuan Chen, Sen-Tien Wu, Shun-Chung Lee and Smokiat Krajangjaeng, possess abilities to make operational judgments and conduct management administration and risk management knowledge and skills and Leadership. Directors Shu-Mu Wang, Jui-Hsiang Chou, Sen Tien Wu, Yung-Tsai Chen and Jesadavat Priebjrivat possess abilities to perform accounting and financial analysis.

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

Apr. 02, 2023; 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 <b>Shu-Mu Wang</b>	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
General Manager & APT Chief Executive Officer <b>Jui-Hsiang Chou</b>	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 <b>Yung-Yuan Cheng</b>	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 <b>Tu-Chuan Chen</b>	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
Chief Strategy Officer & Vice President <b>Sen-Tien Wu</b>	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 <b>Shun-Chung Lee</b>	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
APEX Chief Financial Officer <b>Hsin-Wang Yang</b> (Note 3)	R.O.C.	Male	2010.02.01	0	0.00	0	0.00	0	0.00	Dept. of Land Economics, National Chengchi University Senior Manager, Apex International Co., Ltd. Chief Procurement Office, Apex Circuit (Thailand) 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
APEX Corporate Governance Officer <b>Li-Yuan Kuo</b> (Note 4)	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 & Chief Manufacture Planning Officer, Apex Circuit (Thailand) Co., Ltd.	None	None
APT Chief Procurement Officer <b>Chun-Lung Huang</b>	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, Apex Circuit (Thailand) Co., Ltd. Business Deputy Manager, Tripod Technology Corporation	None	None
APT Chief Operating Officer <b>Chih-Chung Liu</b>	R.O.C.	Male	2022.04.01	0	0.00	0	0.00	0	0.00	Dept. of Political Science, National Taiwan University Vice President, Apex Circuit (Thailand) Co., Ltd. Business Manager, Unimicron Technology Corp.	None	None
APEX Accounting Officer <b>Jiun-Ting Lin</b>	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 <b>Prawit CH.</b>	Thailand	Male	2003.03.01	0	0.00	0	0.00	0	0.00	Dept. of Electrical Engineering, Southeast Asia University, Thailand.	None	None
APT Vice President <b>Sarawuth Kruthkaew</b>	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 <b>Somma Phuengmi</b>	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 <b>Theptat Intaratat</b>	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 Procurement Officer of APT into Chief Financial Officer of APEX on Mar. 01, 2022 due to the Group made an internal organization adjustment.

Note 4: Position of this staff was changed into the full-time Corporate Governance Officer of APEX on Aug. 17, 2022 due to the Group made an internal organization adjustment.



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, Sen-Tien Wu, Ray-Hua Horng*, Somkiat Krajangjaeng	Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Tu-Chuan Chen, Sen-Tien Wu, Ray-Hua Horng*, Somkiat Krajangjaeng	Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Tu-Chuan Chen, Ray-Hua Horng*, Somkiat Krajangjaeng	Ray-Hua Horng*
NT\$1,000,000(incl.) ~ NT\$2,000,000(excl.)	Chau-Chin Su, Yung-Tsai Chen, Jesadavat Priebjrivat	Chau-Chin Su, Yung-Tsai Chen, Jesadavat Priebjrivat	Chau-Chin Su, Yung-Tsai Chen, Jesadavat Priebjrivat	Shu-Mu Wang, Chau-Chin Su, Yung-Tsai Chen, Jesadavat Priebjrivat
NT\$2,000,000(incl.) ~ NT\$3,500,000(excl.)	-	-	Sen-Tien Wu	Sen-Tien Wu, Yung-Yuan Cheng, Tu-Chuan Chen, Shun-Chung Lee
NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.)	-	-	-	Jui-Hsiang Chou, Smokiat Krajangjaeng
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

\* Ms. Ray-Hua Horng was appointed on May 24, 2022

### 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 <b>Shu-Mu Wang</b>													
General Manager <b>Jui-Hsiang Chou</b>													
CFO <b>Hsin-Wang Yang</b>													
CFO <b>Shou-Hua Hsu</b> (Discharged on Apr.01, 2022)													
CSO <b>Sen-Tien Wu</b>													
APT Executive Vice President <b>Yung-Yuan Cheng</b>													
APT CBO <b>Shun-Chung Lee</b>													
APT CTO <b>Tu-Chuan Chen</b>	7,506	32,641	0	0	1,726	15,235	0	0	0	0	9,232 1.06%	47,876 5.47%	None
APEX CGO <b>Li-Yuan Kuo</b>													
APT CPO <b>Chun-Lung Huang</b>													
APT COO <b>Chih-Chung Liu</b> (Appointed on Apr.01, 2022)													
APT Vice President <b>Prawit CH.</b>													
APT Vice President <b>Sarawuth Kruthkaew</b>													
APT Vice President <b>Somma Phuengmi</b>													
APT Vice President <b>Theptat Intaratat</b>													

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, Shou-Hua Hsu*	Shou-Hua Hsu*
NT\$1,000,000(incl.) ~ NT\$2,000,000(excl.)	Hsin-Wang Yang, Li-Yuan Kuo	Shu-Mu Wang, Chih-Chung Liu*
NT\$2,000,000(incl.) ~ NT\$3,500,000(excl.)	-	Yung-Yuan Cheng, Du-Chuan Chen, Shun-Chung Lee, Hsin-Wang Yang, Li-Yuan Kuo, Theptat Intaratat, Sommai Phuengmi, Sarawuth Kruthkaew, Prawit CH.
NT\$3,500,000(incl.) ~ NT\$5,000,000(excl.)	Sen-Tien Wu	Jui-Hsiang Chou, Sen-Tien Wu, Chun-Lung Huang
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	16

\* Mr. Chih-Chung Liu (Appointed on Apr.01, 2022) / Mr. Shou-Hua Hsu (Discharged on Apr.01, 2022)

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
2022	8,748	1.00	27,559	3.15	9,232	1.06	47,876	5.47
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 2022. The attendance of the directors specified as below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Chairman	<i>Shu-Mu Wang</i>	8	0	100.0%	2022.05.24 Reappointed
Director	<i>Jui-Hsiang Chou</i>	8	0	100.0%	2022.05.24 Reappointed
Director	<i>Yung-Yuan Cheng</i>	8	0	100.0%	2022.05.24 Reappointed
Director	<i>Shun-Chung Lee</i>	8	0	100.0%	2022.05.24 Reappointed
Director	<i>Sen-Tien Wu</i>	8	0	100.0%	2022.05.24 Reappointed
Director	<i>Somkiat Krajangjaeng</i>	8	0	100.0%	2022.05.24 Reappointed

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Director	<i>Tu-Chuan Chen</i>	8	0	100.0%	2022.05.24 Reappointed
Independent Director	<i>Chau-Chin Su</i>	8	0	100.0%	2022.05.24 Reappointed
Independent Director	<i>Yung-Tsai Chen</i>	8	0	100.0%	2022.05.24 Reappointed
Independent Director	<i>Jesadavat Priebjrvat</i>	8	0	100.0%	2022.05.24 Reappointed
Independent Director	<i>Ray-Hua Horng</i>	5	0	100.0%	2022.05.24 Newly 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
2022.03.31 (the 24 <sup>th</sup> Meeting of Fifth Session)	● 2021 annual distribution of earning of the Company	Chau-Chin Su Yung-Tsai Chen Jesadavat Priebjrvat	Director recused himself from the discussion and voting related to their benefit
2022.03.31 (the 24 <sup>th</sup> Meeting of Fifth Session)	● The proposal of subsidiary APT granting bonus to Directors	Jesadavat Priebjrvat	Director recused himself from the discussion and voting related to their benefit
2022.12.20 (the 5 <sup>th</sup> Meeting of Sixth Session)	● The result of Group managerial officers' performance evaluation in 2022 as well as the annual bonus plan	Shu-Mu Wang Jui-Hsiang Chou Yung-Yuan Cheng Sen-Tien Wu Shun-Chung Lee Tu-Chuan Chen	Director recused himself from the discussion and voting related to their benefit
2022.12.20 (the 5 <sup>th</sup> Meeting of Sixth Session)	● The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2023	Shu-Mu Wang Chau-Chin Su Yung-Tsai Chen Jesadavat Priebjrvat	Director recused himself from the discussion and voting

- 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	2021.12.01 to 2022.11.30	Individual Board Members	Self-Evaluation of Board Members	<ul style="list-style-type: none"> <li>● Mastery of company goals and tasks</li> <li>● Acknowledged the Directors' responsibilities</li> <li>● Participation in the operation of the company</li> </ul>

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Once a year	2021.12.01 to 2022.11.30	Individual Board Members	Self-Evaluation of Board Members	<ul style="list-style-type: none"> <li>● Internal relationship management and communication</li> <li>● Director's professional and continuing education</li> <li>● Internal control</li> </ul>
Once a year	2021.12.01 to 2022.11.30	The Board of Directors as a Whole	Internal Evaluation	<ul style="list-style-type: none"> <li>● Participation in the operation of the Company</li> <li>● The decision-making quality of the board of directors</li> <li>● Composition and structure of board of directors</li> <li>● Selection of directors and continuing education</li> <li>● Internal control</li> </ul>
Once a year	2021.12.01 to 2022.11.30	Each Functional Committee	Internal Evaluation	<ul style="list-style-type: none"> <li>● Participation in the operation of the company</li> <li>● Acknowledged the responsibilities of functional committee</li> <li>● The decision-making quality of the functional committee</li> <li>● Composition of the functional committee and selection of members</li> <li>● Internal control</li> </ul>
Every three years	2021.10.01 to 2022.09.30	Commissioning of an independent evaluator to conduct an overall assessment of the board's performance	Commissioned the Taiwan Investor Relations Institute to conduct the evaluation	<ul style="list-style-type: none"> <li>● Board Composition and Professional Development</li> <li>● Board decision-making quality</li> <li>● Board Operational Effectiveness</li> <li>● Internal Control and Risk Management</li> <li>● Board involvement in corporate social responsibility</li> </ul>

※The results for internal/external performance evaluation of Board of Directors have been reported of the board of directors on December 20, 2022, the results will be as a reference for continuously strengthening of the Board's functions, and disclosed on the Company's website for investors' reference.

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, the Remuneration Committee and the Sustainable Development Committee. The list of relevant personnel and the state of operation, please refer to the state of operations of the Audit Committee, the state of operations of the Remuneration Committee and the state of operations of the Sustainable Development Committee.

(2) Attendance of Board of Directors of independent directors in 2022:

● :Attend in person ▲:Attend by Proxy

Meeting Date	2022.02.28	2022.03.31	2022.05.03	2022.05.24	2022.06.24	2022.08.17	2022.11.10	2022.12.20
<i>Chau-Chin Su</i>	●	●	●	●	●	●	●	●
<i>Yung-Tsai Chen</i>	●	●	●	●	●	●	●	●
<i>Jesadavat Priebjriyat</i>	●	●	●	●	●	●	●	●
<i>Ray-Hua Horng</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 four independent directors. Please refer to the following paragraph for the operating situation of the year.

The Audit Committee held 7 meetings in 2022. The attendance of the independence directors specified below:

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance	Remark
Independent Director	Chau-Chin Su	7	0	100.0%	2022.05.24 Re-appointed
Independent Director	Yung-Tsai Chen	7	0	100.0%	2022.05.24 Re-appointed
Independent Director	Jesadavat Priebjrivat	7	0	100.0%	2022.05.24 Re-appointed
Independent Director	Ray-Hua Horng	4	0	100.0%	2022.05.24 Newly 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:

Meeting Date (Sessions)	The contents of the motion
2022.02.28 (the 19th Meeting of Fourth Session)	<ul style="list-style-type: none"> <li>● 2021 Annual Operation Report and Consolidated Financial Statements.</li> <li>● To issue 2021 Statement of Internal Control System.</li> <li>● Amendment to the "Procedures for the Acquisition or Disposal of Assets" of the Company.</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (KBank)</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (TTB)</li> <li>● The proposal to approve the application of credit line with banks. (Bank of Panhsin &amp; Taichung Commercial Bank)</li> </ul>
2022.03.31 (the 20th Meeting of Fourth Session)	<ul style="list-style-type: none"> <li>● 2022 CPA-audited and certified financial report and audit fee process by KPMG.</li> <li>● 2021 annual distribution of earning of the Company.</li> <li>● Amendment to the "Memorandum of Association and Articles of Association" of the Company.</li> <li>● Amendment to Rules &amp; Procedures for Internal Control.</li> <li>● The change of Chief Financial Officer ("CFO").</li> <li>● The proposal to approve the application of credit line with bank.</li> </ul>

Meeting Date (Sessions)	The contents of the motion
2022.05.03 (the 21st Meeting of Fourth Session)	<ul style="list-style-type: none"> <li>● Q1 2022 Consolidated Financial Statements</li> </ul>
2022.06.24 (the 1st Meeting of Fifth Session)	<ul style="list-style-type: none"> <li>● The change of Chief Governance Officer</li> </ul>
2022.08.17 (the 2nd Meeting of Fifth Session)	<ul style="list-style-type: none"> <li>● Q2 2022 Consolidated Financial Statements.</li> <li>● The proposal to approve that the Company endorsements and guarantees for major subsidiary APT.</li> <li>● The proposal to approve the application of credit line with banks. (Mega International Commercial Bank Co., Ltd. &amp; E. Sun Bank (China) Co, Ltd. Shenzhen Branch)</li> </ul>
2022.11.10 (the 3rd Meeting of Fifth Session)	<ul style="list-style-type: none"> <li>● Q3 2022 Consolidated Financial Statements.</li> <li>● The proposal to approve the application of the 5-year-syndicated loan and open bank accounts with Mega International Commercial Bank Co., Ltd.</li> <li>● The proposal to cancellation partial of the Company endorsements and guarantees for major subsidiary APT.</li> <li>● The proposal to approve the endorsement and guarantee by the Company for major subsidiary APT.</li> <li>● The proposal to approve the application of credit line with First Commercial Bank.</li> <li>● The proposal to approve the application of credit line with Bank SinoPac.</li> <li>● The proposal to approve the application of credit line and open bank accounts with Taipei Fubon Commercial Bank Co., Ltd.</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (KBank)</li> </ul>
2022.12.20 (the 4th Meeting of Fifth Session)	<ul style="list-style-type: none"> <li>● Amendment to Rules &amp; Procedures for Internal Control.</li> <li>● 2023 Annual Audit Plan.</li> <li>● 2023 Annual Operating Plan and Budget.</li> <li>● The proposal to approve the application of credit line with banks. (The Shanghai Commercial &amp; Savings Bank, Ltd.)</li> <li>● The proposal of the cancellation for a part of the Company's endorsements and guarantees for major subsidiary APT.</li> </ul>
<p>A. Independent directors' objections, reservations or major suggestions: None.</p> <p>B. Resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion : The proposal be and hereby were accepted as proposed unanimously by all independent directors, and were also accepted as proposed unanimously by the Board of Directors afterwards.</p>	
<p>(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors : None</p> <p>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</p> <p>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.)</p> <p>(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.</p> <p>(2) The Audit Committee members regularly communicates with CPAs on the Company's financial status.</p>	

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 Market Observation Post System and 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	v		(1) The composition of the board of directors is determined with professional background, gender, age and education taken into	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	
Directors and has it been implemented accordingly?			<p>consideration and also diversified for the purpose of complementation to increase the overall capacity of the board. 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. 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 and in conformed to "Rules for Election of Directors" and "Principle of Corporate Governance" to ensure</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>the diversify and independence of BOD member.</p> <p>In the sixth session of the board member, foreign director account for 18%, independent director account for 36%. 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 Priebjrivat</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. Apex has added a female director to the sixth session of board of directors and thus achieves the goal.</p>	
(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, there is also the Sustainable Development Committee (established in 2022). 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 the results of performance to the Board of Directors, and used the results as reference for directors'?	v		(3) Apex has established regulations on evaluation of the performance of the board of directors and the approaches of evaluation and performance evaluation will be conducted accordingly annually. The annual performance evaluation will be reported to the board of directors at the end of each year,	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	
remuneration and renewal?  (4) Does the Company regularly evaluate its external auditors' independence?	v		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.  (4) The Company evaluates the independence and suitability of CPAs annually. The 2022 Assessment of Performance and Independence of certified public Accountants was approved by the Audit Committee and Board of Directors on March 31, 2022. In addition, on February 28, 2023, the board of directors approved the appointment of certified accountants for 2023 and evaluated the independence and suitability of accredited accountants according to the audit quality indicators (AQIs). Regarding the evaluation criteria for the independence of accountants, please refer to 8.5.3 "To review the independence of the CPA periodically and the items of evaluation".	No major difference
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 minutes of board meetings and shareholders' meetings)?	v		The Company has set up a Corporate Governance Team and has resolved the appointment of Mr. Li-Yuan Kuo as the Chief Corporate Governance Officer (CGO). Mr. Li-Yuan Kuo has over ten years of management experience in Legal Affairs for public companies. CGO is responsible for corporate governance matters, including producing meeting minutes of the Board, functional committees and AGM, arranging continuous development for directors, furnishing information required for business execution by directors, and providing the information regarding the latest legal developments related to organizational operations to help directors and members of functional committees achieve legal compliance. The Corporate Governance Evaluation Team, ESG Team, and Ethical Corporate Management Team will also assist with the relevant corporate	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>governance affairs.</p> <p>The following describes the 2022 performance of the governance team:</p> <p>(1) Responsible for handling matters related to the meetings of the Board of Directors, functional committees, and AGM in accordance with the law. Drafted and prepared the agendas for the Board and committee meetings, notified directors and members of functional committees at least 7 days in advance of the meetings. Convened the meetings and provided materials for the attendees. If any conflict of interest arose, the attendees were notified beforehand. The minutes are disseminated within 20 days after the meetings.</p> <p>(2) Arranging continuous development for directors: The new and current directors have already finished the educational courses in compliance with the law in 2022.</p> <p>(3) Furnishing information required for business execution by directors and assisting directors with legal compliance:</p> <p>A. Confirmed whether the Board of Directors and functional committees are in compliance with relevant laws and corporate governance codes..</p> <p>B. Assisted the directors and members of functional committees in complying with laws and regulations when carrying out business or making formal decisions.</p> <p>C. After the meeting, check the release of material information of major resolutions of the Board of directors to ensure the legality and correctness of the content of the material information.</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	
			CGO conducts regular training every year. For the 2022 year of training, please refer to 8.5.2 "Continuing education and training of directors and management in 2022". 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.	
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 disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	v		(2) Apex already set up English website. Questions in relation 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.	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	
(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?	v		(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.	No major difference
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)?	v		(1) Employee Rights and interests and employee care: 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. 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. 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). D. Recruiting blind people come to factory to provide massage	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>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 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</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>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 2022" 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 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</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	
			amount in 2022 was US \$10 million. (9) Acquisition of required certificates by personnel associated with financial information transparency: One certified public accountant in Thailand.	
<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 2021, Apex perform 92.67 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 <i>Chau-Chin Su</i>	Please see 3.2.1.	Same as left	0
Independent Director <i>Jesadavat Priebjrivat</i>	Please see 3.2.1.	Same as left	0

Criteria Title / Name	Qualifications and Experience	Independence	Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
Independent Member <b>Yang-Tzong Tsay</b>	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	<ul style="list-style-type: none"> <li>➤ 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".</li> <li>➤ Number and proportion of shares held of the Company: 0</li> </ul>	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: May 24, 2022 to May 23, 2025. The Remuneration Committee held 2 meetings in 2022 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>	2	0	100%	2022.05.24 Re-appointed
Member	<i>Jesadavat Priebjriyat</i>	2	0	100%	2022.05.24 Re-appointed
Member	<i>Yang-Tzong Tsay</i>	2	0	100%	2022.05.24 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
2022.03.31 (the 8 <sup>th</sup> Meeting of Fourth Session)	<ul style="list-style-type: none"> <li>● 2021 the Distribution of Employees' and Directors' Compensation</li> <li>● Subsidiary APT granting bonus to Directors</li> </ul>	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.
2022.12.20 (the 1 <sup>st</sup> Meeting of Fifth Session)	<ul style="list-style-type: none"> <li>● To elect convener of Remuneration Committee.</li> <li>● Proposal to review the remuneration payment to the directors and managerial officers of the Group in year 2022.</li> <li>● The result of Group managerial officers' performance evaluation in 2022 as well as the annual bonus plan.</li> <li>● The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2023.</li> <li>● The remuneration policy and performance evaluation system toward Group managerial officers.</li> <li>● The working plan of the Remuneration Committee in year 2023.</li> </ul>	Same as above.

(1) All of the above matters were reviewed and/or approved by the Remuneration Committee.

(2) In 2022 the Board of Directors adopted all recommendations of the Remuneration Committee without modification.

(3) There were no written or otherwise recorded resolutions on which any member of the Remuneration Committee had a dissenting or qualified opinion.

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	v		1. The company established a "Sustainable Development Committee" under the board of directors, which is the	No major difference. In addition, the Company has planned the

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	
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?			<p>highest-level sustainable development decision-making center within the company on June 24, 2022. (Structure, membership, responsibilities and operations, please detail VII, other important information paragraphs that help to understand the implementation of sustainable development)</p> <p>2. The promotion unit related to sustainable issues in 2022 is the Sustainable Development Committee, which held a meeting this year, and communicated with the board of directors on December 20, 2022.</p> <p>3. The supervision situation of the board of directors on sustainable development: At present, the sustainable development committee of the company regularly reports to the board of directors at the end of the year the summary of the work of the company and various aspects related to sustainable development, communicates with the directors, and adopts opinions for improvement and subordination. Basis for annual work adjustments.</p>	working direction of the sustainability team in the Board meeting on June 24 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.
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		<p>1. This disclosure covers the Company's sustainable development performance in major locations from January 2022 to December 2022. The risk assessment boundary is mainly based on the Company, and the subsidiary Apex Circuit (Thailand) Co., Ltd. is included in the scope based on its relevance to the operation of the industry and its impact on major topics.</p> <p>2. The Sustainability Committee conducts analysis in accordance with the materiality principle of the sustainability report, communicates with internal and external stakeholders, and regularly refers to the international general report preparation guidelines for issue analysis, focusing on</p>	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	
			<p>the environment, society, and climate change related to the Company's operations and corporate governance issues to formulate strategies and relevant measures to reduce the impact from related risks.</p> <p>3. Based on the assessed risks, formulate relevant risk management policies or strategies. Please refer to the analysis and assessment of risk events in Chapter 7 for details.</p>	
<p>3. Environmental Topic</p> <p>(1) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	v		<p>(1) A. 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 the environment.</p> <p>B. All factories of the company follow ISO 14001 to establish an environmental management system and continue to pass third-party verification, and plan to conduct annual greenhouse gas inventory in accordance with ISO14064-1 specifications, track emission reduction results and publicly disclose them in the sustainability report and the company's website.</p>	No major difference
<p>(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p>	v		<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 2022 are as follows:</p> <p>A. Waste Chemical:</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	
(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		<ul style="list-style-type: none"> <li>➤ Collect copper from the waste of 100% recycle Spent AL Etching chemical, total 668 tons.</li> <li>➤ Discharge of wastewater from other processes after recycling, total 2.575 million cubic meters, which is a decrease of 415,000 cubic meters compared with the previous year.</li> </ul> <p>B. Water resource: In 2022, we keep carrying out the implementation of the waste water recycling and reuse project. The efficiency of water resource use is increasing year by year, and in 2022 it will be 210 cubic meters per million NT dollars in revenue.</p> <p>(3) The Sustainable Development Committee was established in 2022, with the CEO as the chairperson (the Sustainable Development Committee Chairperson) and two independent directors as members. The company accesses the risks and opportunities of climate change for the company in accordance with the frame of the TCFD proposal published by the Financial Stability Board. The company completed the latest climate risk assessment at the end of 2022, listing multiple risks in terms of environment, society and governance. For the risks and relevant response measures, please refer to the risks in Chapter 7.</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 2022 are as follows:</p> <p>A. The Company conducts regular annual statistics on GHG emissions, water usage, and total waste production, and discloses relevant information in sustainability report.</p> <p>B. About water usage reduction, we have a plan which is</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>named Aqua Project, specifically designed for the treatment of wastewater discharge, in order to recycle water resources.</p> <p>C. The Lean Project focuses on improving equipment and processes to produce with lower energy consumption, in order to reduce the GHG emissions generated during the production process.</p> <p>D. The first phase of the trial solar power generation plan, some systems have been put into use, and will produce 3,883kWh of energy in 2022. The plan is divided into 3 phases, and it is expected to effectively reduce electricity purchases and carbon reduction in the next three years.</p>	
<p>4. Social Issues</p> <p>(1) Has the company established management policies and procedures in accordance with related regulations and international human rights instruments?</p>	v		<p>(1) The company agrees and voluntarily follows the "International Labor Organization-Declaration on Fundamental Principles and Rights at Work", "International Labor Organization Convention", "ILO Tripartite Declaration of Principles", "The OECD Guidelines for Multinational Enterprises", "United Nations Universal Declaration of Human Rights" The spirit and basic principles of human rights protection promulgated by various international human rights conventions such as the "Ten Principles of the United Nations Global Covenant" reflect the responsibility to respect and protect human rights and abide by the labor-related laws and regulations of the Company's location. "Procedures to Human Rights Policy and Management" is published on the Company's website.</p>	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	
			Human Right management Policy	Definite Plan
			Providing a safe and healthy environment	Comply with laws and regulations related to occupational safety and health, through handling safety and health work, education and training, employees. Safe and hygienic conditions in the working environment, reduce the risk of occupational disasters, and provide employees with a safe, healthy and hygienic workplace environment.
			Prohibition of child labor	The employment process is carried out in accordance with national regulations. Any position is only accepted by applicants who are 18 years old and above, and the applicants are checked during the application process to avoid omissions.
			Prohibition of forced labor	Prevention from unlawful discrimination. Abide by the labor laws of the local government. Employees work overtime due to work needs, adopt a voluntary application system, and shall not be forced to work overtime in any form, and provide compensatory leave or overtime pay in accordance with the law.
			Prevention from unlawful	Formulate the "Human Rights Policy Management Measures" to protect the

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 formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation?	v		discrimination	human rights of employees and prevent illegal discrimination.
			Improvement of physical and mental health of employees	The Welfare Committee organizes recreational activities for all employees more than once a year, and conducts care activities for new colleagues every month, inviting the heads of various departments to participate together.
			Harassment-free Workplace	Through publicity and statement announcements, employees understand that they have the responsibility to help ensure that there is no workplace sexual harassment in the course of performing their duties, and disclose complaint channels, telephone numbers, and mailboxes to create a friendly working environment.
			(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 measures are as follows. A. Multiple shuttle bus routes providing transportation for employees to go to work and go home B. Employee uniforms C. Free restaurant/meal allowance for employee D. Full attendance rewards	

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><i>E.</i> Sickness and funeral subsidies  <i>F.</i> Employee loans  <i>G.</i> Annual employee athletic events or parties  <i>H.</i> Senior employee citations and awards  <i>I.</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) <i>A.</i> The Company obtained the certificate of ISO 14001 and ISO 45001 to ensure the safety work environment for employees.  <i>B.</i> Safety consultant directly report to CEO.  <i>C.</i> Based on the risk evaluation report prepared by external risk evaluation company, Allianz Risk Consultant, to implement improvement and follow up.  <i>D.</i> Have its owned clinic and ambulance.  <i>E.</i> Anti-drug: cooperate with the K9 team to investigate our factory.  <i>F.</i> Hosting regular training sessions to build a better working environment.</p>	
(4) Has the company established effective job ability enhancement training programs for employees?	v		<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</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	
(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		achieve the goal of cultivating talents, retaining talents and using talents. (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.	
(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		(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 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, FY2022 report is expected to be certified by the third-party verification unit, Crowe (TW) CPAs.	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				

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	

7. Other important information able to help the public understand the state of promotion of sustainable development:

(1) Sustainable Development Committee

The Sustainable Development Committee was established in 2022, with CEO Mr. Jui-Hsiang Chou as the chair (CSO). The CEO understands the overall details of the Group and can integrate environmental (E), social (S) and corporate governance (G) issues into the operational decision making, management process and corporate culture.

The purpose of SDC is to assist the Board of Directors to promote sustainable affairs in the Company and its subsidiaries, which include:

- A. Set up a sustainable development policy.
- B. Instruct, monitor and review execution performance of sustainable development activities and report to the Board of Directors.
- C. Other matters which are resolved and assigned by the Board of Directors.
- D. After the preceding matters is set up by SDC and is reported to the Board of Directors, Chairperson or members of SDC are authorized to discuss and collaborate with the Company and its subsidiaries about subsequent practically executive plans. Collaborative pattern and executive organization structure could be designed based on practical demand.

Members of the Sustainable Development Committee

Title /Name	Criteria	Qualifications and Experience	Independence
Chief Sustainability Officer <i>Jui-Hsiang Chou</i>		Please see 3.2.1.	Same as left
Independent Director <i>Chau-Chin Su</i>		Please see 3.2.1.	Same as left
Independent Director <i>Jesadavat Priebjrivat</i>		Please see 3.2.1.	Same as left

The state of operations of the Sustainable Development Committee

- A. There are three members in the Company's Sustainable Development Committee.
- B. Tenure of the Sustainable Development Committee: June 24, 2022 to May 23, 2025. The Sustainable Development Committee held 1 meetings in 2022 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>Jui-Hsiang Chou</i>	1	0	100%	2022.06.24 Newly appointed
Member	<i>Chau-Chin Su</i>	1	0	100%	2022.06.24 Newly appointed
Member	<i>Jesadavat Priebjrivat</i>	1	0	100%	2022.06.24 Newly appointed

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	

Meeting information:

Meeting Date (Sessions)	Resolution	All CDC Members' Opinions and the Company's Response
2022.12.20 (the 1 <sup>st</sup> Meeting of First Session)	The implementation of promoting corporate governance, fulfilling corporate social responsibility and practicing ethical management etc. in 2022	The proposal be and hereby were accepted as proposed unanimously by all CDC Members.

(2) Care for the underprivileged:

- 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.
- B. Providing job for blind people to make the massage service in factory.
- C. Held a charity fair and using its revenue to set up an employee emergency relief fund.
- D. Donating the food to vulnerable patients and prisoners.

(3) Community activities

- A. Donate money to local temples, maintained local traditional culture and promote Apex identification to regional people.
- B. Donate medical supplies to the community and vendors nearby, motorcycle taxis, etc.
- C. Donate scholarships to elementary schools nearby.
- D. Donate medical supplies to local hospitals and hold activities for employees to donate blood.
- E. Cooperate with schools to provide internship.
- F. Donated 1 million Baht to local hospital in January of 2021.

(4) Environmental protection

- A. Adopting environmental afforestation around the factory.
- B. Donate money to the institution of mangrove forest protection.

(5) Apex has passed the following certifications:

- A. Those related product quality: QS-9000, ISO-9001, ISO/TS-16949
- B. Those related to the work environment: ISO-14001

	Apex 1	Apex 2&3
Issuance Date	11 Oct. 2020	28 Dec, 2022
Expiry Date	10 Oct. 2023	27 Dec. 2025

- C. Those related to corporate social responsibility: TLS 8001

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	
D. Those related to occupational health and safety management systems: ISO 45001				
	Apex 1	Apex 2&3		
Issuance Date	31 Jan. 2023	31 Jan. 2023		
Expiry Date	30 Jan. 2026	30 Jan. 2026		
E. Safety / Hazardous substance free certification: RoHS, UL				

### 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	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(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 and the management team in the regulation, rules, and external documents?	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 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.	No major difference
(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,	v		(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	

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 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>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 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?</p>	v	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 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.</p> <p>The following describes the 2022 performance of the</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	
(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	v		<p>governance team</p> <p>A. Arranged related matters to the Audit Committee, Board of Directors and Annual General Meeting in accordance with the law. 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>B. Arranged annual educational courses for directors and members of the Audit Committee. The new and current directors have already finished the educational courses in compliance with the law in 2022.</p> <p>C. Provided directors and members of the Audit Committee with the data required for carrying out their duties to assist in compliance with the law</p> <p>(A) Confirmed whether the AGM and the Board of Directors is in compliance with relevant laws and corporate governance codes.</p> <p>(B) Assisted the directors in complying with laws and regulations when carrying out business or making formal decisions of the board of directors.</p> <p>(C) After the meeting, check the release of material information of major resolutions of the board of directors to ensure the legality and correctness of the content of the material information.</p>	
			(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	

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	
and is the policy actually enforced?			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.	
3. Operation of the violation-reporting system in the company				No major difference
(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?	v		(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.	
(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?	v		(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.	
(3) Does the company take measures to protect informers from receiving inappropriate treatment?	v		(3) Within one month after completion of investigation and disposal, the processing unit is required to understand privately the	

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	
			working condition of the informer to see if there is any inappropriate treatment as a result of violation reporting.	
4. Enhancement of information Disclosure 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?	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
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.				
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 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 <https://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, 2023

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 2022:

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, 2022, 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 2022 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, 2023, with 0 of the 11 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 2022 Annual General Meeting

Date	Major Resolutions	Carries out the situation
May 24, 2022 Annual General Meeting	2021 Final Accounting Books and Financial Statements	Proposal was approved after voting.
	2021 Annual Distribution of Earning of the Company	Proposal was approved after voting. Ex-rights (ex-dividend) record date: July 17, 2022 Payment date of cash dividend distribution: August 05, 2022
	Election of the Company's Directors	The list of the newly elected directors (including independent directors) with votes received is as follows: Directors: Shu-Mu Wang, Jui-Hsiang Chou, Yung-Yuan Cheng, Shun-Chung Lee, Sen-Tien Wu, Somkiat Krajangjaeng, Tu-Chuan Chen Independent Director: Chau-Chin Su, Yung-Tsai Chen, Jesadavat Priebjrivat, Ray-Hua Horng The REGISTER OF DIRECTORS AND OFFICERS complete the filing of registration change on June 02, 2022 in accordance at Cayman Registry.
	Release Non-Competition Restrictions on Newly-Elected Directors	Proposal was approved after voting.
	Amendment to the "Memorandum of Association and Articles of Association" of the Company	Proposal was approved after voting and completed the filing of registration change on May 30, 2022 in accordance with the revised provisions.
	Amendment to the "Procedures for Endorsement and Guarantee" of the Company	Proposal was approved after voting and implemented in accordance with the revised provisions.
	Amendment to the "Procedures for the Acquisition or Disposal of Assets" 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
2022.02.28	<ul style="list-style-type: none"> <li>● 2021 Annual Operation Report and Consolidated Financial Statements.</li> <li>● To issue 2021 Statement of Internal Control System.</li> <li>● Amendment to the "Procedures for the Acquisition or Disposal of Assets" of the Company.</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (KBank)</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (TTB)</li> <li>● The proposal to approve the application of credit line with banks. (Bank of Panhsin &amp; Taichung Commercial Bank)</li> </ul>

Date	Major Resolutions
2022.02.28	<ul style="list-style-type: none"> <li>● To re-elect all directors of the Company.</li> <li>● Release Non-Compete Restrictions on Newly-Elected Directors.</li> <li>● The agenda of the Company's 2022 Annual General Meeting and acceptance of shareholder proposals and nominations for candidates of directors (including independent directors).</li> </ul>
2022.03.31	<ul style="list-style-type: none"> <li>● 2022 CPA-audited and certified financial report and audit fee process by KPMG.</li> <li>● 2021 annual distribution of earning of the Company.</li> <li>● Subsidiary APT granting Base Compensation to Directors.</li> <li>● Amendment to the "Memorandum of Association and Articles of Association" of the Company.</li> <li>● Amendment to Rules &amp; Procedures for Internal Control.</li> <li>● Nomination and review the list of directors (including independent directors) candidates.</li> <li>● The change of Chief Financial Officer.</li> <li>● Release the managerial personnel of the Company from non-competition restrictions.</li> <li>● The proposal to approve the application of credit line with bank. (Shin Kong Bank Co., Ltd.)</li> </ul>
2022.05.03	<ul style="list-style-type: none"> <li>● Q1 2022 Consolidated Financial Statements.</li> </ul>
2022.05.24	<ul style="list-style-type: none"> <li>● To elect Chairman of the Board.</li> <li>● To appoint the Fifth Session of the Remuneration Committee Members of the Company.</li> </ul>
2022.06.24	<ul style="list-style-type: none"> <li>● To set the ex-dividend record date and related matters.</li> <li>● To establish the "Sustainable Development Committee Charter" of the Company.</li> <li>● To appoint the First Session of the Sustainable Development Committee Members of the Company.</li> <li>● The assignment of Chief Sustainability Officer.</li> <li>● The change of Chief Governance Officer.</li> <li>● Release the managerial personnel of the Company from non-competition restrictions.</li> </ul>
2022.08.17	<ul style="list-style-type: none"> <li>● Q2 2022 Consolidated Financial Statements.</li> <li>● The proposal to approve that the Company endorsements and guarantees for major subsidiary APT.</li> <li>● The proposal to approve the application of credit line with banks. (Mega International Commercial Bank Co., Ltd. &amp; E. Sun Bank (China) Co, Ltd. Shenzhen Branch)</li> </ul>
2022.11.10	<ul style="list-style-type: none"> <li>● Q3 2022 Consolidated Financial Statements.</li> <li>● The proposal to approve the application of the 5-year-syndicated loan and open bank accounts with Mega International Commercial Bank Co., Ltd.</li> <li>● The proposal to cancellation partial of the Company endorsements and guarantees for major subsidiary APT.</li> <li>● The proposal to approve the endorsement and guarantee by the Company for major subsidiary APT.</li> <li>● The proposal to approve the application of credit line with First Commercial Bank.</li> <li>● The proposal to approve the application of credit line with Bank SinoPac.</li> <li>● The proposal to approve the application of credit line and open bank accounts with Taipei Fubon Commercial Bank Co., Ltd.</li> <li>● The proposal to approve that the Company endorses and guarantees for subsidiary APT. (KBank)</li> </ul>
2022.12.20	<ul style="list-style-type: none"> <li>● Amendment to Rules &amp; Procedures for Internal Control.</li> <li>● 2023 Annual Audit Plan.</li> <li>● 2023 Annual Operating Plan and Budget.</li> <li>● The result of Group managerial officers' performance evaluation in 2022 as well as the annual bonus plan.</li> <li>● The remuneration of Group directors (including Independent Directors and Functional Committee Members) in 2023.</li> <li>● The proposal to approve the application of credit line with banks. (The Shanghai Commercial &amp; Savings Bank, Ltd.)</li> <li>● The proposal of the cancellation for a part of the Company's endorsements and guarantees for major subsidiary APT.</li> </ul>

Date	Major Resolutions
2023.02.28	<ul style="list-style-type: none"> <li>● 2022 Distribution of Employees' and Directors' Compensation</li> <li>● Subsidiary APT granting Base Compensation to Directors.</li> <li>● To issue 2022 Statement of Internal Control System.</li> <li>● 2022 Business Report and Consolidated Financial Statements.</li> <li>● To appoint the CPA and evaluate the CPAs' independence and suitability and audit fee in 2023.</li> <li>● The formulation of "General Principles of Pre-Approved Non-Assurance Services Policy" ..</li> <li>● To ratify the alternation of the Company's Internal Audit Manager.</li> <li>● The proposal to approve for applying the credit line of the Company and Taiwan Branch with banks. (Yuanta Bank &amp; Taichung Bank &amp; Shin Kong Bank)</li> <li>● The proposal to approve the investment to the major subsidiary APT.</li> <li>● The agenda of the Company's 2023 Annual General Meeting and acceptance of shareholder proposals.</li> </ul>
2023.03.29	<ul style="list-style-type: none"> <li>● Amendment to the "Memorandum and Articles of Association" of the Company.</li> <li>● The proposal to approve for applying the credit line of the Company and Taiwan Branch with bank.</li> <li>● 2022 Earnings Distribution.</li> </ul>

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
Financial Officer	Shou-Hua Hsu	2015.03.16	2022.04.01	Position Adjustment
Internal Audit Manager	Jia-Rong He	2018.12.18	2023.02.01	Resignation

### 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	Chun-I Chang	2022.01.01	6,538	499	7,037	Other Non-audit fees include overseas registration annual fees 218 thousand, overseas certification fees and other service fees 281 thousand, etc.
	Chun-Hsiu Kuang	~ 2022.12.31				

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	2022		As of Mar. 31, 2023	
		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 Krajangaeng	0	0	0	0
Director	Tu-Chuan Chen	0	0	0	0
Independent Director	Chau-Chin Su	0	0	0	0
Independent Director	Yung-Tsai Chen	0	0	0	0
Independent Director	Jesadavat Priebjrivat	0	0	0	0
Independent Director	Ray-Hua Horng (Appointed on May 24, 2022)	0	0	0	0
Chief Financial Officer	Shou-Hua Hsu (Discharged on Apr.01, 2022)	0	0	0	0
Chief Financial Officer	Shin-Wang Yang	0	0	0	0
Accounting Officer	Jiun-Ting Lin	0	0	0	0
Corporate Governance Officer	Li-Yuan Kuo (On-board on Jun. 25, 2022)	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

Apr. 02, 2023

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	11,100,000	5.84	0	0.00	0	0.00	None	None	None
Cathay Life Insurance Co., Ltd. Representative: Tiao-Gui Huang	9,514,000 0	5.01 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 0.00	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
Fubon Life Insurance Co., Ltd. Representative: Ming-Hsing Tsai	9,182,000 0	4.83 0.00	0 0	0.00 0.00	0 0	0.00 0.00	None	None	None
Jin Da He Co., Ltd. Representative: Shi-Tang Huang	9,100,000 0	4.79 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Fu Long Xing Co., Ltd.	Same representative	None
CTBC Investments Managed for Taiwan Life Insurance Discretionary Account (2)	5,130,000	2.70	0	0.00	0	0.00	None	None	None
Fu Long Xing Co., Ltd. Representative: Shi-Tang Huang	5,100,000	2.69 0.00	0 0	0.00 0.00	0 0	0.00 0.00	Jin Da He Co., Ltd.	Same representative	None
Yi Zhan Xin 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 Ding Cheng 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.	Same representative	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, 2022; 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)
2018/08	21.5	300,000,000	3,000,000,000	158,806,273	1,588,062,730	(Note7)	None	-

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
2018/09	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.

Apr. 02, 2023; 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

Apr. 02, 2023; Unit: person; share

Shareholder Structure Quantity	Government Institution	Financial Institution	Other Juristic Persons	Individual	Foreign Institutions and Individual	Total
No. of People	0	8	184	26,252	121	26,565
No. of Shares Held	0	25,233,000	49,411,768	85,972,384	29,320,836	189,937,988
Holding ratio	0.00%	13.28%	26.01%	45.27%	15.44%	100.00%
Holding ratio of capital from mainland China: 0%						

#### 4.1.3 Share Diversification

Apr. 02, 2023

Shareholding Scale	No. of Shareholders	No. of Shares Held	Shareholding Ratio
1 to 999	16,645	327,639	0.17 %
1,000 to 5,000	7,722	15,113,129	7.96 %
5,001 to 10,000	1,044	8,265,365	4.35 %
10,001 to 15,000	332	4,318,064	2.27 %
15,001 to 20,000	224	4,131,397	2.18 %
20,001 to 30,000	177	4,610,207	2.43 %
30,001 to 40,000	103	3,683,786	1.94 %
40,001 to 50,000	67	3,127,699	1.65 %
50,001 to 100,000	120	8,462,039	4.46 %
100,001 to 200,000	50	7,370,718	3.88 %
200,001 to 400,000	30	8,178,694	4.31 %
400,001 to 600,000	17	8,207,260	4.32 %
600,001 to 800,000	8	5,523,353	2.91 %
800,001 to 1,000,000	3	2,551,427	1.34 %
Over 1,000,001	23	106,067,211	55.83 %
Total	26,565	189,937,988	100.00 %

Preferred stock: None

#### 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

Apr. 02, 2023; Unit: share

Name of Main Shareholder	Shares	No. of Shares Held	Shareholding Ratio
Yan-Xian Lu		11,100,000	5.84 %
Cathay Life Insurance Co., Ltd.		9,514,000	5.01 %
Zhixuan Asset Management Co., Ltd.		9,400,000	4.95 %

Name of Main Shareholder	Shares	No. of Shares Held	Shareholding Ratio
CTBC Bank Co., Ltd. as Custodian of Object Map Ltd. Investment Account		9,389,840	4.94 %
Fubon Life Insurance Co., Ltd.		9,182,000	4.83 %
Jin Da He Co., Ltd.		9,100,000	4.79 %
CTBC Investments Managed for Taiwan Life Insurance Discretionary Account (2)		5,130,000	2.70 %
Fu Long Xing Co., Ltd.		5,100,000	2.69 %
Yi Zhan Xin Co., Ltd.		5,000,000	2.63 %
Yi Ding Cheng Co., Ltd.		5,000,000	2.63 %

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

Item	Year		2021	2022	as of Mar. 31, 2023
	Market Price per Share	Maximum		132.50	138.00
	Minimum		44.55	46.20	52.60
	Average		82.62	87.49	59.83
Net Value per Share	Before allocation		38.94	42.11	(Note 2)
	After allocation		34.94	40.11 (Note 1)	
Earnings per Share	Weighted Average Shares (thousand shares)		189,938	189,938	
	Earnings per Share		7.25	4.60	
Dividend per Share	Cash dividend		4.00	2.00 (Note 1)	Not applicable
	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)		9.85	16.69	
	Price-to-dividend ratio(Note 4)		17.85	38.40 (Note 1)	
	Cash dividend yield(Note 5)		5.60%	2.60% (Note 1)	

Note 1: The 2022 distribution of earnings was resolved at the March 29, 2023 Board of Directors' 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):

- (1) If there are profits in the final accounts of a given year, the Company shall first make up the losses for the previous years ("Accumulated Losses"), and then set aside a special surplus reserve ("Special Surplus Reserve") as required by the competent securities authority under the Applicable Public Company Rules. The remaining profits after deduction of the Accumulated Losses and Special Surplus Reserve(if any), together with the retained earnings at the beginning of the year, shall be accumulated retained earnings, which may be subject to distribution based on a plan proposed by the Board in accordance with the dividend policy of the Company. If all or a part of the distribution will be made in cash, it shall be approved by a majority vote cast at a meeting of the Board with two-third (2/3) or more of the Directors present at the Board meeting; and in addition thereto a report of such distribution shall be submitted to the annual general meeting. In the case of Article 11.4(d), a supermajority resolution shall be passed at annual general meetings.
- (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, and the Board may recommend to distribute no less than 10% of the profit of the current year as dividend, 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 (2020~2022), Apex's cash dividends distributed by shareholders' resolutions accounted for more than 43% of correspondent year's EPS (43%~55%).

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

The board of directors resolved to distribute 2022 shareholders' dividend after the board of director's meeting on Mar. 29, 2023. It is proposed to distribute NT\$ 2.00 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.

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: Where there are profits in a given year, after reserving the amount for covering the accumulated losses, no more than 2% of the profit shall be distributed as employees' compensation and no more than 2% of the profit shall be distributed as Directors' compensation. Employees' compensation may be distributed in the form of shares of the Company or in cash, and may be distributed to the qualified employees of the Company's Subsidiaries. Distribution of employees' compensation and Directors' compensation shall be approved by the Board and in addition thereto a report of such distribution shall be submitted to

- the annual general meeting.
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 2022.
    - (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 broad 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. 29, 2023, NT\$ 0 thousand for employee compensation and NT\$ 1,440 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

Item	Year	Actual Amount Allocated in 2022	Amount Estimated in 2021	Difference	Cause and Treatment Situation
Employee cash bonus		0	0	0	-
Director remuneration		1,080	720	360	The difference was accounted for as a change in accounting estimate, and was recognized as a gain or loss for the year 2022.

4.1.9 Company shares bought back by the company: None

**4.2 Issuance of Bonds** None

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**4.3 Preferred Shares** None

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**4.4 Issuance of Global Depository Shares** None

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**4.5 Status of Employee Stock Option Plan** None

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**4.6 Status of Employee Restricted Stock** None

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

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**4.8 Financing Plans and Implementation** None

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## 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, Sony, Bosch, Technicolor, Canon, HP, Toshiba and WDC. 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	2021		2022	
		Amount	%	Amount	%
Single Side		610,175	4.12	478,112	3.21
Double Side		4,807,715	32.48	4,489,718	30.12
Multi-Layer		9,319,278	62.97	9,886,939	66.33
Others		63,515	0.43	51,456	0.34
Total		14,800,683	100.00	14,906,225	100.00

##### 2. New product and service items to be developed

Apex's product are divided into four major product lines including home appliances, communication equipment, PC-related and automotive parts. In 2022, the sales amount of household, communication, and automotive product lines continued to grow with the development efforts of many years having gradually shown results. As for PC-related product line, the rapid decline in PC equipment demand was caused by factors such as the easing of the epidemic and inflation. In 2023, in addition to adjusting the new and old production capacity to meet the needs of existing customers, we will strengthen our efforts to capture the Southeast Asian bonus brought by the transfer of manufacturing industry, targeted international first well-known manufacturers as cooperation partners, and continuously improved product technology content to seize business opportunities such as memory module boards, HDI, automotive boards, and advanced communication products.

#### 5.1.2 Industry overview

##### 1. Current status and development of the industry

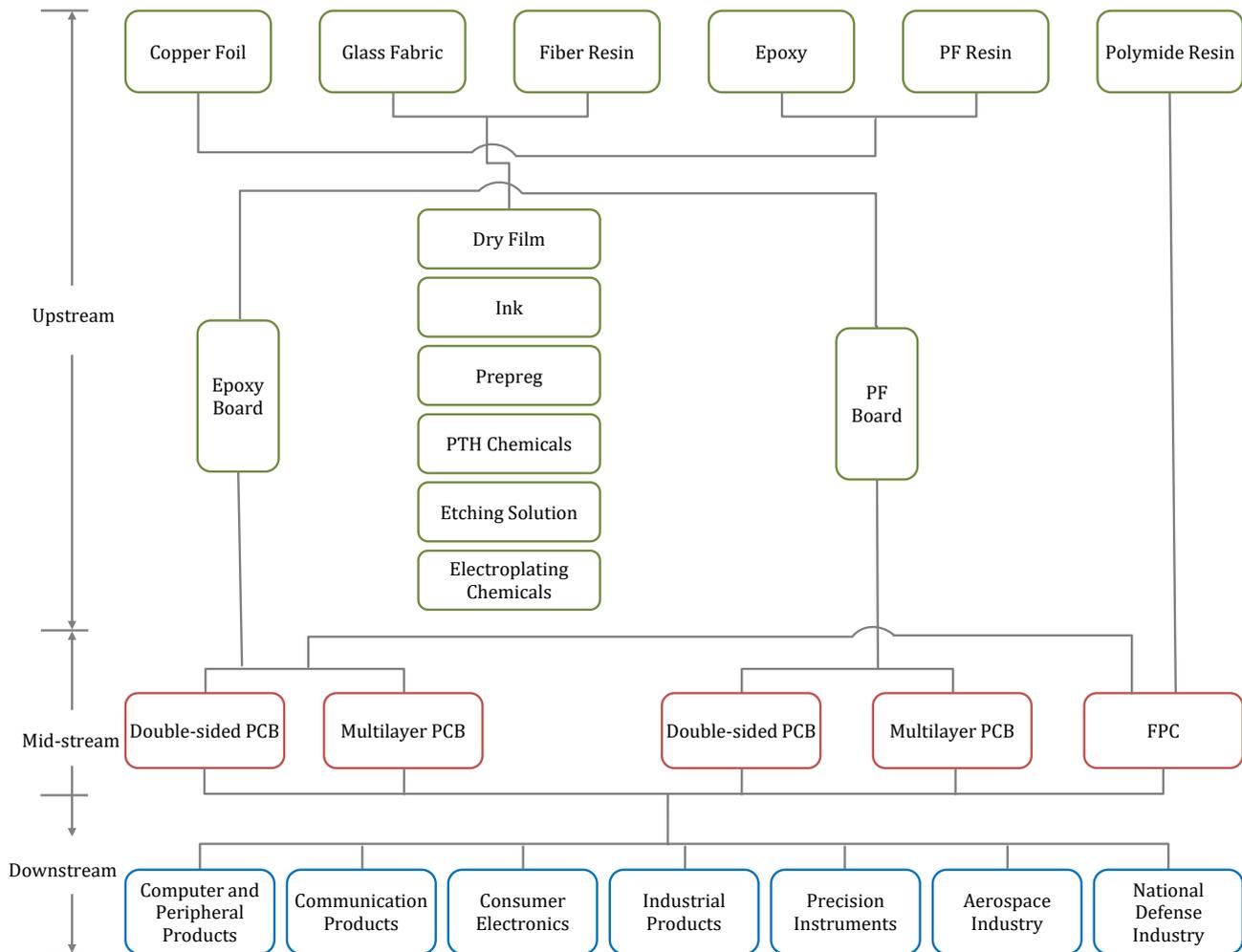
PCB is an indispensable key component in electronic products. It is used extensively in information equipment, communications equipment, consumer products, national defense and industry. The chief functions are to transmit power and signals and to serve as a device carrier. Other electronic components, 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. The global PCB industry's performance in 2022 was driven by the continuous growth of applications such as 5G, AI, and high-performance computing, which led to increased shipments of ABF substrates, the continuous expansion of the global electric vehicle industry, increased demand for server applications, and the boost in shipments of network equipment driven by the infrastructure construction of various countries. These factors became the engines that propelled the industry's output value in 2022. However, facing the significant slowdown of the Chinese economy, the decline of the "stay-at-home economy" effect, and the high inflation in Europe and the United States all impacted terminal consumers' willingness and demand for electronics products such as smartphones and laptops, which cause the terminal manufacturer become difficult to reduce their inventories. This has caused brand-name and terminal assembly manufacturers to accelerate inventory adjustments and reduce PCB-related procurement, gradually revealing the impact on the global PCB industry. As a result, the growth momentum in the second half of 2022 significantly slowed down, and the global PCB industry's output value only showed a slight increase compared to 2021. Continuing the downward trend in 2022, the poor market conditions in 2023 led to almost all application demands slowing down. According to the research institution Prismark, the global PCB output value in 2023 is estimated to be US\$78.367 billion, a 4.13% decrease from US\$81.741 billion in 2022. In 2023, including RPCB multilayer boards, flex boards and modules, HDI, and IC substrates, the output value will decline across the board, with estimated output values of US\$37.34 billion, US\$13.427 billion, US\$11.528 billion, and US\$16.073 billion, respectively, a decline of 3.57%, 3%, 2%, and 7.71% from 2022. Despite the decline in 2023, the market generally expects the market to stabilize and demand to gradually recover from the second half of 2023 or 2024. Prismark estimates that the industry will return to positive growth in 2024, with an estimated compound annual growth rate of 3.8% from 2023 to 2027.

## 2. 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. In recent

years, the political and trade tensions between China and the United States have forced the benefits of industrial relocation to become increasingly apparent. As our company is situated in a non-traditional PCB manufacturing industry cluster, we will gradually benefit from the industry's movement.

### 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, and MiniLED TV backlight PCB production process development had been implemented. In recent year, Apex keeps improving manufacturing technologies for fulfilling productivity efficiency promotion and reducing cost. In 2022, developed higher layer count and build up multilayer technology 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, costs of raw materials needed of R&D tests and depreciation. In 2022, the amount totaled THB 251,285 thousand dollars, these expenses were 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 2.5 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
2018	<ul style="list-style-type: none"> <li data-bbox="363 1895 1460 1973">➤ 28-inch large-scale production process: Accurate size (accurate 10% uniform etching) fine line capability</li> <li data-bbox="363 1973 1460 2045">➤ High reliability automotive board drilling process: High reliability drill (less than 150% of hole head)</li> </ul>

Year	Development Result
2019	<ul style="list-style-type: none"> <li>➢ IOT for drilling process evaluation had been done</li> <li>➢ Auto printing function for solder mask process and faster changing ability</li> <li>➢ Lab for reliability ability ready for TCT / CAF / SIR / THB / Material thermal stress analysis</li> </ul>
2020	<ul style="list-style-type: none"> <li>➢ Gold finger process had been done</li> <li>➢ MES system implement</li> <li>➢ Acquired ISO17025 Lab Certification</li> </ul>
2021	<ul style="list-style-type: none"> <li>➢ Auto Plating line</li> <li>➢ Micro PAD 160x200um product</li> <li>➢ Zero emission micro etching process</li> </ul>
2022	<ul style="list-style-type: none"> <li>➢ Micro PAD 180x200um function tester development</li> <li>➢ Thicker copper (3-5oz) board process development</li> <li>➢ Microvia (diameter &lt; 0.15mm and aspect ratio 1)</li> </ul>

#### 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	2021		2022	
		Amount	%	Amount	%
Overseas	Asia	9,487,970	64.10	9,480,648	63.61
	Europe	774,812	5.24	1,061,370	7.12
	America	1,739,621	11.75	1,911,069	12.82
	Africa	51,819	0.35	66,078	0.44
	Subtotal	12,054,222	81.44	12,519,165	83.99
Local (Note)		2,746,461	18.56	2,387,060	16.01
Total		14,800,683	100.00	14,906,225	100.00

Note: Local means sales to Thailand.

## 2. Market shares

The total of Apex's 2022 annual sales is NT\$ 14,906,225 thousand (around US\$ 499 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. With benefits of the new technologies and equipment invested in the development of high-priced products in the new factory enable us to compete with other production areas.

■ **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.

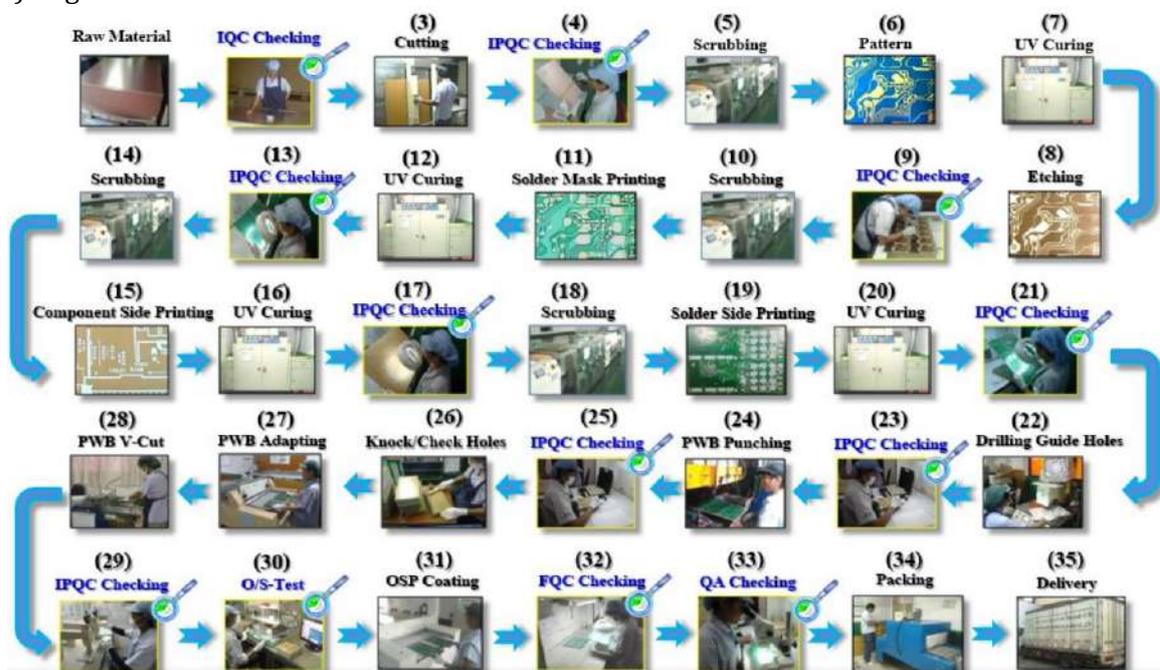
5.2.2 Important uses and production processes of main products

1. Important uses of products

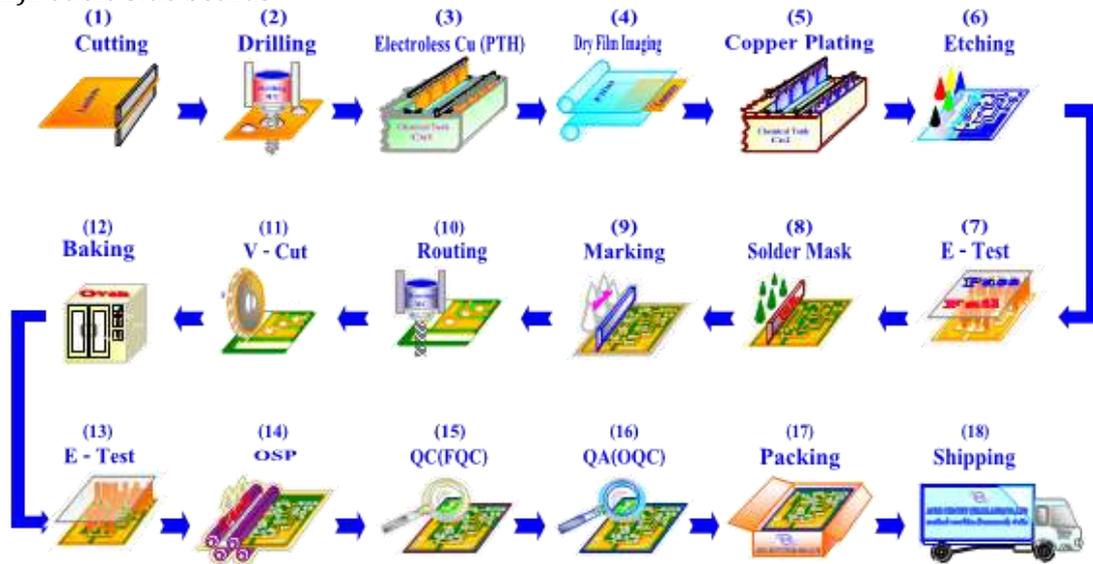
Applications in End Products			
Electronic Products	Computer Accessories	Communications Equipment	Auto Parts
DVD, LCD TV, fax machine, air conditioner, digital camera, projector, photocopier, TV tuner, voltage converter	DVD player, recorder, printer, power supply, hard drive, motherboard, TFT panel,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

2. Production processes

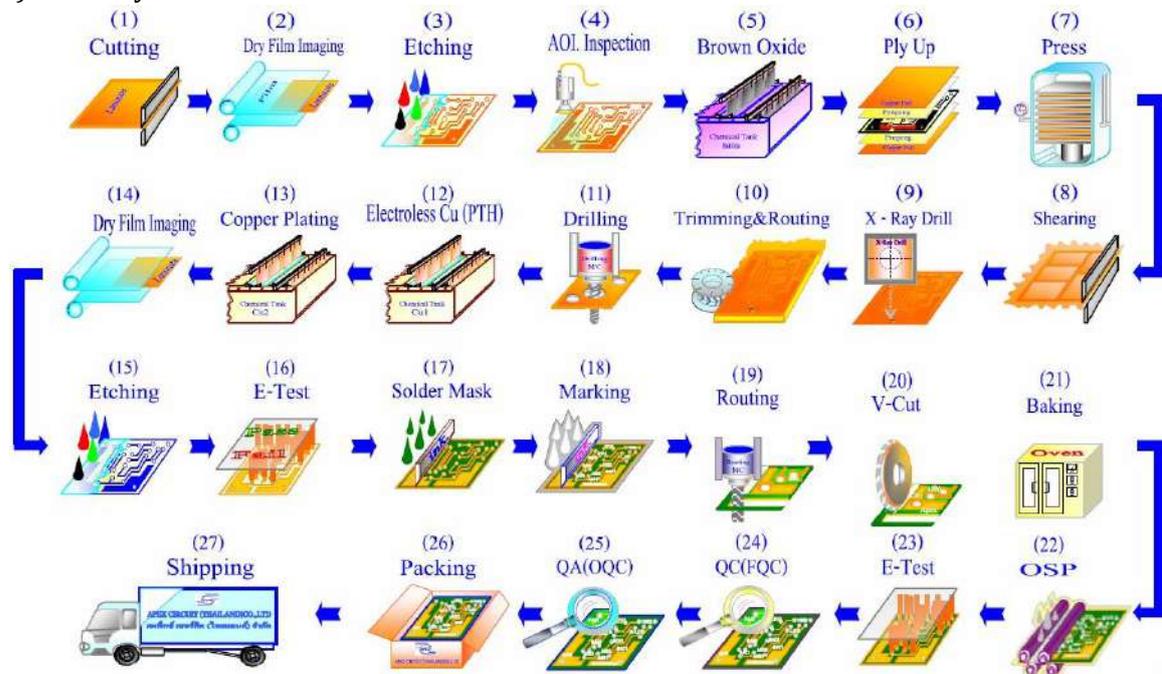
(1) Single Side boards



### (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.	2021				2022			
	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer
1	Customer S	2,313,364	15.63%	none	Customer G	2,129,108	14.28%	none
2	Customer G	1,976,964	13.35%	none	Customer S	1,918,680	12.87%	none
3	Customer C	1,537,104	10.39%	none	Customer C	1,702,523	11.42%	none
	Others	8,973,251	60.63%	none	Others	9,155,914	61.43%	none
	Net Sales	14,800,683	100.00%		Net Sales	14,906,225	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.	2021				2022			
	Name	Amount	Ratio to total Purchases (%)	Relation with Issuer	Name	Amount	Ratio to total Purchases (%)	Relation with Issuer
1	Vendor K	2,528,576	24.40%	none	Vendor K	1,709,950	21.21%	none
2	Vendor N	1,377,345	13.29%	none	Vendor N	1,368,945	16.98%	none
3	Vendor C	1,008,516	9.73%	none	Vendor J	598,222	7.42%	none
4	Vendor J	728,290	7.03%	none	Vendor C	470,436	5.83%	none
	Others	4,719,724	45.55%	none	Others	3,915,004	48.56%	none
	Net Purchases	10,362,451	100.00%	-	Net Purchases	8,062,557	100.00%	-

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

## 5.2.5 Production value in the most recent two years

Unit: square meter, NT\$ thousand

Year	2021			2022		
Production Value	Production Capacity	Production	Output Value	Production Capacity	Production	Output Value
Main Product						
Single Sided Board	1,206,000	1,175,702	724,710	864,000	755,837	577,717
Double Side Board	3,531,000	3,422,521	6,003,899	3,948,000	2,890,919	5,310,947
Multi-layer Board	4,006,000	4,071,156	11,106,555	4,875,000	3,471,394	11,513,776
Total	8,743,000	8,669,379	17,835,164	9,687,000	7,118,150	17,402,440

## 5.2.6 Sales in the most recent two years

Unit: square meter, NT\$ thousand

Year	2021				2022			
Sales Value	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Product	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Single Sided Board	836,876	482,135	266,347	128,040	590,383	400,686	122,192	77,426
Double Sided Board	337,873	642,562	2,434,547	4,165,153	240,537	501,758	4,857,307	3,987,960
Multi-Layer Board	525,456	1,618,655	2,848,684	7,700,623	453,168	1,476,331	2,584,541	8,410,608
Others	-	10,000	-	53,515	-	8,285	-	43,171
Total	1,700,205	2,753,352	5,549,578	12,047,331	1,284,088	2,387,060	7,564,040	12,519,165

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

Apr. 02, 2023; Unit: person, year, %

Year	2021	2022	Mar. 31, 2023	
Number of Employees	Managers	94	124	128
	Production departments	5,722	4,535	4,785
	Common employees	2,850	2,758	2,838
	Total	8,666	7,417	7,751
Average age		29.60	30.5	30.3
Average length of service		3.60	4.30	4.00
Education Level	Ph.D.	0.02%	0.00%	0.00%
	Master	0.14%	0.22%	0.21%
	University	6.28%	7.75%	7.59%
	Senior high school	55.57%	54.87%	55.01%
	Below senior high school	37.99%	37.16%	37.19%

## 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

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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 2022 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

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### 5.6.1 Information security management strategy and structure :

#### 1. Information security risk management framework

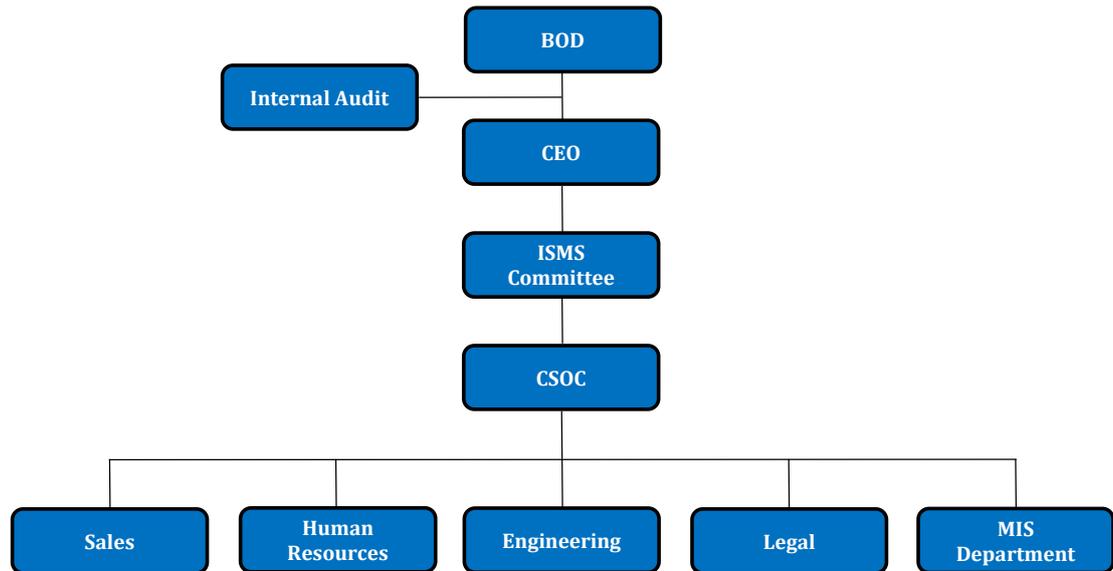
##### (1) Information security Organization

Apex Circuit (Thailand) Co., Ltd. (APT), the operating entity of the Group, established the Information Security Management System Committee (ISMS Committee) in Year 2022, which governs the APT Information Security Operation Center (Cyber Security Operation Center; CSOC) is responsible for coordinating the group's information security and protection related policy formulation, implementation, risk management and compliance assessment.

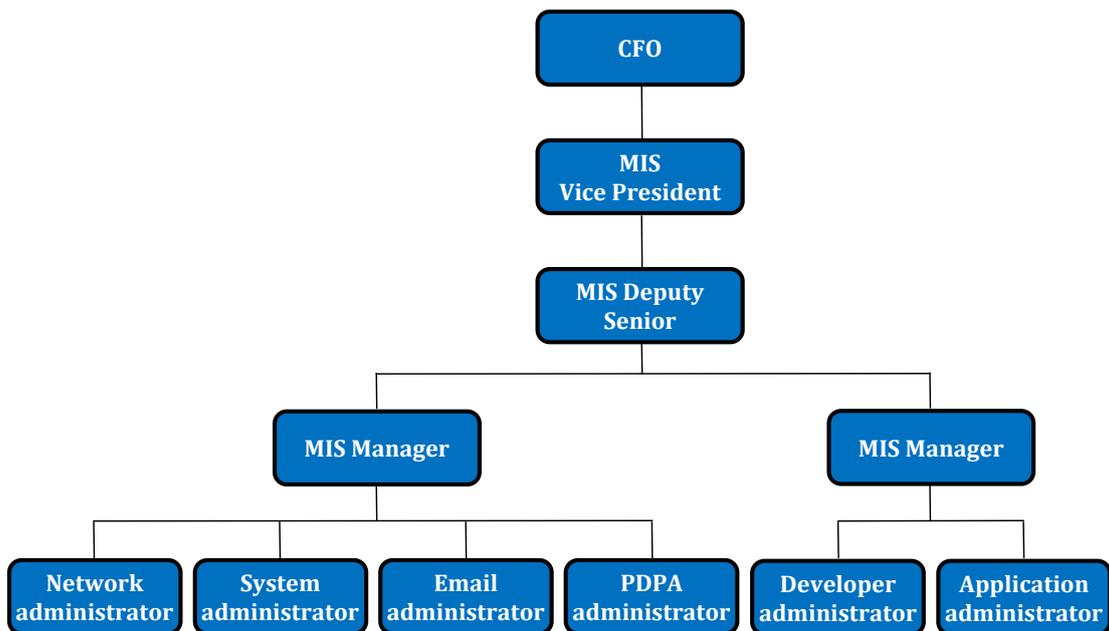
The information security supervisor of the center will report the effectiveness of information security management, issues and directions related to information security to the parent company's board of directors and CEO every year. The audit office of the Group conducts audits to ensure internal compliance with the related standards, procedures and regulations of information security.

In order to implement the information security strategies set by CSOC and ensure internal compliance with relevant information security standards, procedures and regulations, the dedicated information security supervisor and the personnel of the center will work with the business department, human resources department, engineering department and legal department, etc., to review and decide on information security and information protection guidelines and policies every year, and implement the effectiveness of information security management measures.

(2) Group's ISMS Committee Organization Structure



(3) Organization Structure of Group's Cyber Security Operations Center (CSOC)



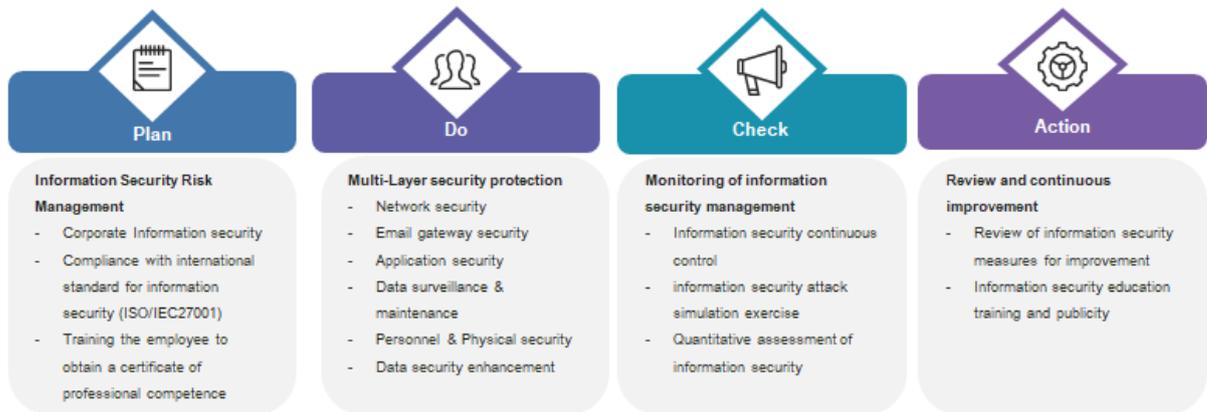
2. Information Security Policy

(1) Group's ISMS strategy and structure

Information security and operational data protection are important cornerstones for the sustainable development of enterprises and the maintenance of core competitiveness. In order to enhance the safety and stability of the Group's information and communication operations and ensure the confidentiality, integrity and availability of information assets, smoothly promote the Group's various businesses, the Group is committed to strengthening the information security management mechanism and defense capabilities, establishing a safe and reliable computerized operating environment, and ensuring the security of systems, data, equipment and networks to protect the company's important information assets and information systems are operating normally.

In order to effectively implement information security management, the Group's information security organization would like to plan to implement the ISO/IEC 27001:2013 project, and hold regular meetings every month through the CSOC. Based on the management cycle mechanism of Plan-Do-Check-Action; PDCA, review the applicability and protection measures

of information security policies, and regularly report the implementation results to the ISMS Committee.



## (2) ISO/IEC 27001:2013 Project Implementation Schedule



## (3) Concrete management programs

### A. Network security

- Import advanced technology to perform computer scanning system and software update
- Strengthen network firewall and network control to prevent viruses from breaking up across machines and factories.

### B. Device safety

- Establish a virus-scanning for machines entering the factory to prevent machines containing malicious software from vender.
- Built-in anti-virus measures base on computer type to enhance malware behavior detection

### C. Application security

- Development process application safety-checklist, assessment criteria and improvement objective
- Continuous enhancement of application security control and integration into development process and platforms

### D. Data security

- Developing advanced information protection tools to enhance classification and data protection by mean of document
- Document and Data encryption control and definition user access
- Outgoing mail control (IronPort mail gateway)

### E. Education and Training

- Strengthen staff alertness to mail social engineering attacks and phishing mail prevention protection

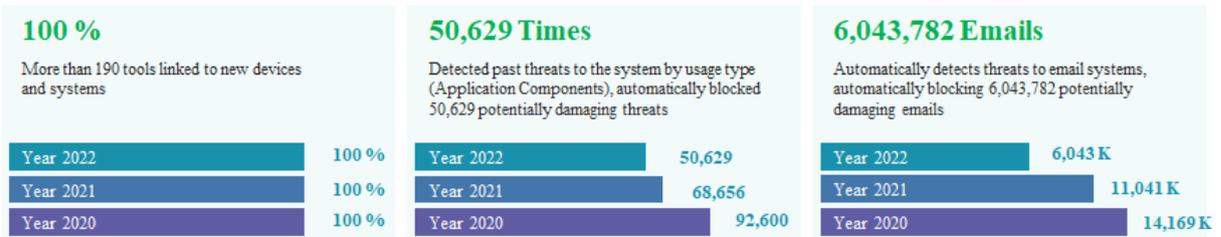
- Conduct regular staff identification exercises to enhance staff's awareness of pay safety
- F. Information security & monitoring
- Entrust external experts (information and network security) to regularly conduct company network and information assessment
  - Integrate the objective results and threat intelligence of third-party software verification, conduct risk analysis and strengthen the information security management system.

(4) Investments in resources for information security management

**Training and information security policy dissemination**



**Information Security Detection and Measures**



5.6.2 Information Security Risks and Countermeasures :

Information Technology Security Risks and Management Measures

The Group has established comprehensive network and computer related information security protection measures, but it cannot guarantee that its computer systems that control or maintain important corporate functions such as the Group's manufacturing operations and accounting can completely avoid network attacks from any third-party paralyzed systems or invade the Group's internal network system in an illegal manner, and conduct activities such as disrupting the Group's operations and damaging the Group's reputation.

Malicious hackers can also attempt to introduce computer viruses, destructive software or ransom ware into the Group's network system to interfere with the Group's operations, blackmail or extort the Group, gain control of the computer system or spy on confidential information. These attacks may cause the Group to compensate customers for losses due to delay or interruption of orders, or bear huge costs to implement remedial and improvement measures to strengthen the Group's network security system.

In the event of a serious cyber-attack, the Group's system may lose important data or the production line may be shut down. The Group continuously reviews and evaluates its information security regulations and procedures to ensure their adequacy and effectiveness, but cannot guarantee that the Group will not be affected by new risks and attacks in the ever-changing information security threats.

In order to prevent and reduce the damage caused by attacks, the Group implements relevant improvement measures and continuously updates the information security maintenance and operation platform, regularly conducts staff alertness tests and entrusts external experts to perform information security assessments. In addition, in the service contracts signed with

third-party service providers, the Group requires them to abide by confidentiality and/or network security regulations, but it cannot guarantee that each third-party service providers will strictly abide by these obligations. The internal network systems and external cloud computing networks (such as servers) maintained by the above-mentioned service providers and/or their contractors are also at risk of cyber-attacks. If the Group or its service providers are unable to solve technical problems caused by these cyber-attacks in a timely manner; or ensure the integrity and availability of data belonging to the Group (and belonging to the Group's customers or other third parties), or control the Group or its services; the service providers' computer system may seriously damage the Group's commitment to customers and other stakeholders. It may also materially and adversely affect the operating results, financial status, prospects and reputation of the Group. Therefore, the Group has formulated a business continuity management plan (Business Continuity Management; BCM) and conducts regular business continuity drills. Its content includes relevant information such as core business, backup measures, responsible personnel, emergency operating procedures and resource allocation review and improvement.

### 5.6.3 Material information security incident :

There were no material information security incidents affecting the Group's operations during the year.

## 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
Short-term loan contract	Yuanta Commercial Bank Co., Ltd.	2023.01.18~2024.01.18	Short-term credit of financing facilities	None
Syndicated loan	Mega International Commercial Bank Co., Ltd. and Participating Bank	Effective from 2022.11.10	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Taiwan Shin Kong Commercial Bank Co., Ltd.	2022.05.24~2024.05.24	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Mega International Commercial Bank Co., Ltd.	2022.08.18~2024.08.17	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	Bank Sinopac Co., Ltd.	2022.10.03~2024.10.31	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	First Commercial Bank Co., Ltd.	2022.10.14~2024.10.14	Long-term loans	None
Long-term loan contract	E. Sun Commercial Bank Ltd. Shenzhen Branch	2022.11.30~2025.11.30	Long-term loans	Need to maintain a certain financial ratio of financial statements
Long-term loan contract	The Shanghai Commercial & Savings Bank, Ltd.	Effective from 2022.12.13	Long-term loans	None

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term loan contract	Taichung Commercial Bank co., Ltd.	2023.02.07~2025.02.07	Long-term loans	None
Long-term loan contract	Bank of Panhsin	2023.03.10~2025.03.10	Long-term loans	None
Long-term loan contract	Taipei Fubon Commercial Bank Co., Ltd.	2023.03.31~2026.03.31	Long-term loans	Need to maintain a certain financial ratio of financial statements
Short-term loan contract	Bangkok Bank Public Co., Ltd.	1. Effective from 2002.07.10 2. Effective from 2003.09.23 3. Effective from 2005.01.14 4. Effective from 2006.03.03 5. Effective from 2007.12.18 6. Effective from 2010.11.09 7. Effective from 2012.11.08 8. Effective from 2014.07.17	Short-term credit of financing facilities	None
Short-term loan contract	Bangkok Bank Public Co., Ltd.	Effective from 2018.08.07	Short-term credit of financing facilities	Reduced credit line
Forward Contract	Bangkok Bank Public Co., Ltd.	Effective from 2019.03.14	Forward Contract	None
Long-term loan contract	Bangkok Bank Public Co., Ltd.	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
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	None
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	TMBThanachart Bank Public Co., Ltd.	Effective from 2016.08.09	Short-term credit of financing facilities	None
Short-term loan contract	TMBThanachart Bank Public Co., Ltd.	Effective from 2018.11.07	Short-term credit of financing facilities	Increased credit line

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term Loan contract	TMBThanachart 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	TMBThanachart 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 2016.08.19	Short-term credit of financing facilities	None
Short-term loan & Derived goods quota contract	Bank of Ayudhaya Public Co., Ltd.	1. Effective from 2016.09.05 2. Effective from 2017.04.24 3. Effective from 2018.01.22	Credit line of short-term financing facilities	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
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
Short-term loan contract	Kasikorn Bank Public Co., Ltd.	Effective from 2021.02.09	Short-term credit of financing facilities	None
Long-term loan contract	Bangkok Bank Public Co., Ltd.	Effective from 2022.08.22	Long-term loans	Need to maintain a certain financial ratio of financial statements
Forward Contract	Kasikorn Bank Public Co., Ltd.	Effective from 2022.02.28	Forward Contract	None
Short-term loan contract	Kasikorn Bank Public Co., Ltd.	Effective from 2022.02.28	Short-term credit of financing facilities	None
Short-term loan contract	TMBThanachart Bank Public Co., Ltd.	Effective from 2022.03.01	Short-term credit of financing facilities	Increased credit line
Long-term Loan contract	TMBThanachart Bank Public Co., Ltd.	Effective from 2022.03.01 Effective from 2022.12.14	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	Siam Commercial Bank Public Co., Ltd.	Effective from 2022.11.09	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 2022.08.17	Long term loans	None
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.	2020.09.01~2021.05.31; 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	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
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	AKA Co., Ltd.	2021.09.01~2022 5 years warranty depending on the content and scope of the warranty	Electrical System for APEX3 Phase 4, 5	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

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
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 of apex 3 phase 2&3	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(Plant A,B,D)	None
Engineering contract	Fah Chun Development Co., Ltd.	2022.06.15~2023.04.14; 2 years or 5 years warranty depending on the content and scope of the warranty	Construction of new recycling water tank APEX2	None
Engineering contract	Fah Chun Development Co., Ltd.	2022.02.01~2022.10.31; 2 years or 5 years warranty depending on the content and scope of the warranty	Warehouse FG Building Project APEX2	None
Engineering contract	Fah Chun Development Co., Ltd.	2022.02.01~2022.10.31; 2 years or 5 years warranty depending on the content and scope of the warranty	Solar Roof Warehouse FG Project APEX2	None
Engineering contract	Fah Chun Development Co., Ltd.	2022.05.01~2022.06.30; 1 years warranty depending on the content and scope of the warranty	TANK ENOVATION WASTE WATER SYSTEM NEW APEX2	None
Engineering contract	ACTER TECHNOLOGY CO.,LTD	2021.12.24~2022.04.28; 1 years warranty depending on the content and scope of the warranty	Project Apex3 Zone 3 MEPI Work	None
Engineering contract	ACTER TECHNOLOGY CO.,LTD	2022.11.10~2022.11.30; 1 years warranty depending on the content and scope of the warranty	Modification Cleanroom of factory 3	None
Engineering contract	ACTER TECHNOLOGY CO.,LTD	2022.01.18~2022.02.28; 1 years warranty depending on the content and scope of the warranty	Modification work of APEX3 factory project	None
Project contract	SMART ENERGY SAVING CO.,LTD	2022.04.29~2026.04.28; 4 years warranty depending on the content and scope of the warranty	Lean Energy Project with ESCO System for Apex 2	None

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Project contract	MAHANAKORN ENGINEERING AND DEVELOPMENT CO.,LTD	2022.08.08~2022.10.17 warranty depending on the content and scope	APEX2 Warehouse/ solar panel purchase contract	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)				
		2018	2019	2020	2021	2022
Current Assets		5,815,440	5,069,495	6,925,804	9,065,976	7,964,890
Fixed Assets		6,260,130	6,067,841	7,516,542	10,149,438	11,480,481
Intangible Assets		37,879	34,924	188,097	168,418	205,841
Other Assets		27,728	135,647	339,984	288,372	221,832
Total Assets		12,141,347	11,808,892	15,268,362	19,795,423	20,022,978
Current Liabilities	Before Allocation	5,270,098	3,471,721	5,244,657	8,894,604	7,185,096
	After Allocation	5,735,334	4,041,520	5,814,471	9,654,356	7,564,972 (Note 3)
Non-current liabilities		862,354	891,682	2,362,734	3,471,138	4,806,342
Total Liabilities	Before Allocation	6,132,452	4,363,403	7,607,391	12,365,742	11,991,438
	After Allocation	6,597,688	4,933,202	8,177,205	13,125,494	12,371,314 (Note 3)
Shareholders' Equity Attributable to Parent		5,981,293	7,412,478	7,624,632	7,396,475	7,998,200
Share Capital		1,702,295	1,890,409	1,899,380	1,899,380	1,899,380
Capital Reserves		1,944,448	2,396,626	2,405,512	2,405,512	2,405,512
Retained Earnings	Before Allocation	2,331,889	2,697,167	3,325,984	4,140,552	4,265,773
	After Allocation	1,866,653	2,127,368	2,756,170	3,380,800	3,885,897 (Note 3)
Other Equity		2,661	428,276	(6,244)	(1,048,969)	(572,465)
Treasury Shares		-	-	-	-	-
Non-controlling Equity		27,602	33,011	36,339	33,206	33,340
Total Equity	Before Allocation	6,008,895	7,445,489	7,660,971	7,429,681	8,031,540
	After Allocation	5,543,659	6,875,690	7,091,157	6,669,929	7,651,664 (Note 3)

Note 1: The financial information of the most recent five annual periods has been verified by CPAs.

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

Note 3: The amount approved by Board of Directors on March 29, 2023, and will report to shareholders' meeting on May 31, 2023.

## 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)				
		2018	2019	2020	2021	2022
Operating Revenue		11,175,098	10,387,249	11,832,513	14,800,683	14,906,225
Gross Profit		1,820,671	1,970,007	2,507,501	3,118,965	2,829,347
Operating profit		834,539	840,789	1,194,111	1,477,408	1,011,324
Non-operating income and expenditure		6,023	5,116	44,566	(41,380)	(65,685)
Net Profit before Tax		840,562	845,905	1,238,677	1,436,028	945,639
Current Year's Net Profit from Continuing Operations		833,058	830,650	1,203,755	1,383,882	878,367
Loss from Discontinued Operations		-	-	-	-	-
Current Year's Net Profit/Loss		833,058	830,650	1,203,755	1,383,882	878,367
Current Year's Other Comprehensive Income (after-tax net amount)		224,033	430,888	(436,346)	(1,040,596)	489,070
Total Current Year's Comprehensive Income		1,057,091	1,261,538	767,409	343,286	1,367,437
Net Profit Attributable to Parent		829,425	827,051	1,198,609	1,377,897	874,482
Net Profit Attributable to Non-controlling Interest		3,633	3,599	5,146	5,985	3,885
Total Comprehensive Income Attributable to Parent		1,052,514	1,256,129	764,096	341,657	1,361,477
Total Comprehensive Income Attributable to Non-controlling Interest		4,577	5,409	3,313	1,629	5,960
Earnings per Share		5.45	4.46	6.31	7.25	4.60

Note 1: The financial information of the most recent five annual periods has been verified by CPAs.

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

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

Year	Accounting Firm	CPA	Opinion
2018	KPMG Accounting Firm	<i>Min-Ju Chao and Ya-Lin Chen</i>	Unqualified opinion
2019	KPMG Accounting Firm	<i>Min-Ju Chao and Chun-Hsiu Kuang</i>	Unqualified opinion
2020	KPMG Accounting Firm	<i>Min-Ju Chao and Chun-Hsiu Kuang</i>	Unqualified opinion
2021	KPMG Accounting Firm	<i>Min-Ju Chao and Chun-Hsiu Kuang</i>	Unqualified opinion
2022	KPMG Accounting Firm	<i>Chun-I Chang and Chun-Hsiu Kuang</i>	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)				
		2018	2019	2020	2021	2022	
Financial Structure (%)	Liabilities-to-assets ratio	50.50	36.95	49.82	62.46	59.88	
	Ratio of long-term funds to fixed assets	109.76	137.39	133.36	107.40	111.82	
Debt-paying Ability (%)	Current ratio	110.34	146.02	132.05	101.92	110.85	
	Quick ratio	78.99	94.14	89.58	59.90	67.73	
	Interest earned ratio (times)	9.16	13.03	33.02	32.73	6.84	
Management Capacity	Accounts receivable turnover rate (time)	3.32	3.17	3.59	3.66	3.53	
	Average collection days	109.93	115.14	101.67	99.72	103.39	
	Inventory turnover rate (time)	5.78	4.54	4.35	3.73	3.27	
	Accounts payable turnover rate (time)	3.03	3.07	3.55	3.38	2.77	
	Average inventory turnover days	63.14	80.39	83.90	97.85	111.62	
	Fixed assets turnover rate (time)	1.77	1.68	1.74	1.67	1.37	
	Total assets turnover rate (time)	0.95	0.86	0.87	0.84	0.74	
Profitability	Return on assets (%)	7.83	7.40	9.12	8.09	5.06	
	Return on equity (%)	16.00	12.34	15.94	18.34	11.36	
	Ratio of before-tax net profit to paid-in capital (%)	49.37	44.74	65.21	75.60	49.78	
	Net profit ratio (%)	7.45	7.99	10.17	9.35	5.89	
	Earnings per share (NTD)	5.45	4.46	6.31	7.25	4.60	
Cash Flow	Cash flow ratio (%)	16.33	37.01	37.48	12.65	22.99	
	Cash flow adequacy ratio (%)	66.05	74.11	86.74	62.40	54.13	
	Cash reinvestment ratio (%)	7.72	6.12	9.07	3.40	4.56	
Leverage	Operating leverage	1.80	1.88	1.64	1.55	2.07	
	Financial leverage	1.14	1.09	1.03	1.03	1.19	

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

1. Interest earned ratio, Return on assets, Return on equity, Ratio of before-tax net profit to paid-in capital, Net profit ratio and Earnings per share: The relevant mentioned analysis items decrease are mainly due to the decline in profitability.
2. Cash flow ratio and Cash reinvestment ratio: The increase in the ratio is mainly due to the positive effects of inventory reduction and accounts receivable collection on operating cash flow, as well as the decrease in current liabilities resulting from controlled procurement of raw materials and repayment of equipment payables, which led to an increase in the cash flow ratio.
3. The increase in operating leverage was mainly due to the decrease in operating profit.

Note 1: The financial information of the most recent five annual periods has been verified by CPAs.

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

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=  $(\text{income attributable to parent-preferred share dividends})/ \text{weighted average number of shares}$

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=  $(\text{cash flow from operating activities}-\text{cash dividends})/(\text{gross fixed assets} + \text{long-term investments} + \text{other non-current assets} + \text{operating funds})$

6. Leverage

(1) Operating leverage=  $(\text{net operating revenue}-\text{variable operating costs and expenses})/\text{operating income}$

(2) Financial leverage= $\text{operating income}/(\text{operating income}-\text{interest expenses})$

### 6.3 Audit Committee Report in the Most Recent Year

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#### Apex International Company Limited

#### Audit Committee's Review Report

Board of Directors has prepared the Company's 2022 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 29, 2023

### 6.4 The Financial Statement for the Most Recent Year

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Please refer to Annual Report Appendix Financial Statements.

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

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

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## 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	2021	2022	Difference	
				Amount	%
Current Assets		9,065,976	7,964,890	(1,101,086)	(12.15%)
Net Fixed Assets		10,149,438	11,480,481	1,331,043	13.11%
Intangible Assets		168,418	205,841	37,423	22.22%
Other Assets		288,372	221,832	(66,540)	(23.07%)
Total Assets		19,795,423	20,022,978	227,555	1.15%
Current Liabilities		8,894,604	7,185,096	(1,709,508)	(19.22%)
Non-current Liabilities		3,471,138	4,806,342	1,335,204	38.47%
Total Liabilities		12,365,742	11,991,438	(374,304)	(3.03%)
Share Capital		1,899,380	1,899,380	0	0.00%
Capital Reserves		2,405,512	2,405,512	0	0.00%
Retained Earnings		4,140,552	4,265,773	125,221	3.02%
Total Shareholders' Equity		7,429,681	8,031,540	601,859	8.10%

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

1. Increase of Intangible Assets: The main reason is due to the addition of computer software in 2022.
2. Decrease of Other Assets: Mainly because the completion and acceptance of the new plant with the prepayment of equipment being reclassified as fixed assets in 2022.
3. Increase of Non-current Liabilities: Mainly because of the adjusted percentage of long-term and short-term loans by the company in 2022.

### 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	2021	2022	Amount of increases or Decrease	Ratio of Change %
Operating Costs		11,681,718	12,076,878	395,160	3.38%
Gross Operating Profit		3,118,965	2,829,347	(289,618)	(9.29%)
Operating Expenses		1,641,557	1,818,023	176,466	10.75%

Item	Year	2021	2022	Amount of increases or Decrease	Ratio of Change %
Operating Income		1,477,408	1,011,324	(466,084)	(31.55%)
Non-operating Revenue and Expenditure		(41,380)	(65,685)	(24,305)	(58.74%)
Before-tax Net Profit		1,436,028	945,639	(490,389)	(34.15%)
Income Tax		52,146	67,272	15,126	29.01%
Net Profit for the Year		1,383,882	878,367	(505,515)	(36.53%)
Other Comprehensive Income		(1,040,596)	489,070	1,529,666	147.00%
Comprehensive Income		343,286	1,367,437	1,024,151	298.34%

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

1. Decrease in the Net Operating Revenue: The main reason for the negative impact on the annual profit performance compared to last year was due to the high cost of disposing of high-priced materials and the increase in the proportion of fixed overhead expenses after the completion of the new production line.
2. Increase in Non-operating Revenue and Expenditure: The main reason for the significant increase in loan interest rates was due to the rise in interest rates policies and the maintenance of high levels of bank borrowing even if the new plant had completed.
3. Increase in Income Tax: The main is due to the expiration of tax exemptions for some factory areas, which resulted in the need to pay taxes.
4. Decrease in Before-tax Net Profit and Net Profit: Mainly because of the decrease in net operating revenue, the increase of non- operating revenue and expenditure, and the increase of income tax.
5. Increase in Other comprehensive Income and Comprehensive Income: The appreciation of the Thai Baht against the New Taiwan Dollar in 2022, whereas it was depreciation in 2021. The difference between the past two years' currency exchange trends mentioned above led to the exchange differences on translation of foreign financial statement increase compare to last year.

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

1. The project Apex 3 was completed in 2022, and we will strive for stable operation of the new equipment and technology to enhance the technical content of our products. In addition to meeting the diverse needs of our customers, we will also develop new products to expand our product line.
2. Looking at the trend of the PCB industry in 2022, it gradually weakened due to factors such as the waning effect of the pandemic slowed down, China's slowing economic growth, and rising inflation impacting consumers' willingness to purchase. Therefore, Apex will have a conservative outlook for the first half of 2023, depending on whether the market demand from end customers strengthens and whether inventory reduction is completed. However, with the development and certification of new products in the second half of the year and after a long period of inventory reduction, Apex expects to recover our operational capabilities and see a revival in the second half of the year compared to the first half.

#### 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 2023. 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	2021	2022	Ratio of Increase (Decrease) %
Operating Activities		1,125,798	1,652,290	46.77
Investment Activities		(3,732,575)	(2,321,659)	37.80
Fundraising Activities		2,815,342	498,428	(82.30)

Explanation for major changes of item:

1. Increase of cash inflow from Operating Activities: Mainly because of the inventory reduction and the collection of accounts receivable in 2022.
2. Decrease of cash outflow from Investment Activities: Mainly because of the reduction in capital expenditures in 2022.
3. Decrease of cash inflow from Financing Activities: The main reason is the control of materials and decrease in capital expenditures, which led to the utilization of bank loans decrease compare to the prior year.

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
714	2,994	(3,633)	75	-	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 mainly resulted from future payments of operating, dividends, capital expenditures, and bank loan repayment. 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	
			2022	2023
Addition and replacement of manufacture equipment	Operating funds and bank loans	2023 Q4	790	394
Apex 3 plant facilities, machine and equipment	Operating funds and bank loans	2022 Q4	1,015	281
Recycle system of waste water	Operating funds and bank loans	2023 Q4	303	489

Plan Item	Sources of Funds	Completion Date	Year	
			2022	2023
Process technology improvement and new process development	Operating funds and bank loans	2023 Q4	0	717

#### 7.4.2 Expected Benefit

Apex 3 was completed in 2022, and with the combination with new process improvement and development, it can stably exert investment benefits and improve technical content of the product. In addition to meeting the needs of customers, we will also develop new products to expand our product line.

### 7.5 Reinvestment Conducted in the Most Recent Year

Information on investees:

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	920,649	Decent management and operating efficiency	None	None
AET	Supply chain Consolidation	2,913	Due to the appreciation of the US dollar led to the exchange profit.	None	None
APS	Production and sales of PCB	14,054	Decent management and operating efficiency	None	None
APSS	Expand PCB business	5,110	Decent management and operating efficiency	None	None
APC	Supply chain consolidation	(1,506)	The export tax refund issue with the tax department and the adjusted transaction model of suppliers led to the quantity of purchase had not in a considerable level which cause a minor loss.	The communicate with tax department has seen the initial results; both the tax department and APEX will quicken the pace to apply tax refund of past years. Once the tax refund is completed, we'll assess whether to expand the scale of China's supply chain or not to strengthen the group's competition.	None

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 2022, Apex's interest income respectively accounted for 0.01% of

Apex's annual operating revenue whereas the interest expenses respectively made up 1.08% 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 2022 the net exchange profit was NT\$ 7,453 thousand, accounting for 0.05% 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. The counterparty of the trading for the forward foreign exchange contract is a well-known and reputable financial institution in Thailand. The transaction amount is executed based on the approval of the chairman or the authorized unit. The derivative financial product transactions of our company and its subsidiaries are conducted in accordance with

relevant securities exchange and management laws of listed company in Taiwan and internal control regulations. The situation of engaging in derivative product transactions is announced and reported monthly in accordance with regulation; therefore, the related risks should be limited. The derivative transaction that Apex and its subsidiary APT has bought and sold forward exchange derivatives in the most recent years are summarized as the table below:

Year	Derivative	Amount
End of 2022	Forward exchange sold	Contract Amount US\$ 15,000 thousand

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 2023, the following R&D items and expenditure will be conducted:

Development Item	Mass Production Schedule	Main Item	Present Progress	Expected Expenditure
Micro LED PCB development	2023 Q3	Micro (diameter < 0.15mm and aspect ratio 3-6) via production process development	Under development	US\$ 8 Million
Plasma desmear	2023 Q4	Plasma clean application	Under development	US\$ 3 Million
PCB production process of high Tg, low loss material	2023 Q4	PCB production process develop for high Tg, low loss material	Under development	US\$ 5 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 new construction of Apex 3 in 2022. Depends on the import of new facilities and new technologies, 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: This year's industry outlook is full of variables, 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) The existing production line will continue to improve the quality yield, while the new products developed using the new technologies and equipment from Apex 3 will accelerate across the learning curve. Through stable production management, profitability will be boosted. With stable and profitable operations, the investment cost of the new factory will be successfully recovered, and the financial structure, which has been negatively impacted by the expansion borrowing, will continue to improve.
9. Likely risk from concentration of suppliers and sales and countermeasures:
  - (1) Risk from concentration of suppliers and countermeasures  
Apex's main products are single-sided, double-sided 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 2022, each accounting for 14.28%, 12.87%, 11.42%, and a total of 38.57%, 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 us, 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 kilometers to the northwest of Jamaica and 640 kilometers 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 need to report the Company's information and do 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 (2022). 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 10 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%. As of 2022, with the easing of the pandemic and the continuation of the policy of unblocking the country in 2021, the Thailand economy has continued to recover with three major engines: the revival of the tourism industry, private consumption, and private investment. The economic growth rate of Thailand has increased to 2.6% in 2022.

#### (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

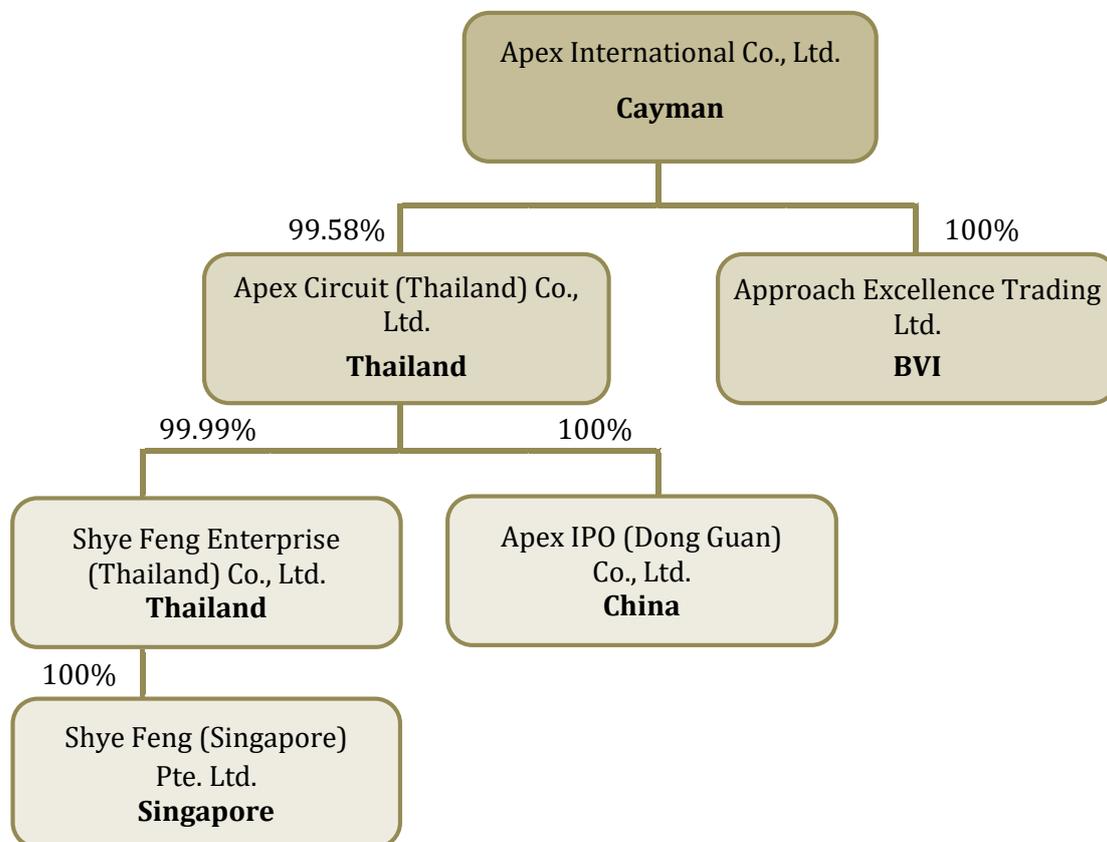
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## 8. Additional Information

### 8.1 Information on Affiliates

#### 8.1.1 Organization charts of affiliates

Dec. 31, 2022



- 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, 2022

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 9,000	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, 2022

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, 2022

Name of Enterprise	Title	Name or Representative	Shareholding	
			No. of Shares	Shareholding Ratio (%)
Apex Circuit (Thailand) Co., Ltd.	Chairman	<i>Shu-Mu Wang (also as CSO)</i>	11	0.00
	Director	<i>Jui-Hsiang Chou (also as CEO)</i>	0	0.00
	Director	<i>Maliwan Chinvorakijkul</i>	0	0.00
	Director	<i>Greg Lucini</i>	0	0.00
	Independent Director	<i>Jesadavat Priebjrivat</i>	0	0.00
Approach Excellence Trading Ltd.	Chairman	<i>Shu-Mu Wang</i>	0	0.00
	Manager	<i>Sen-Tien Wu</i>	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, 2022; 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 21,979,174	THB 13,053,650	THB 8,925,524	THB 16,958,403	THB 1,215,577	THB 1,087,301	THB 7.56
Approach Excellence Trading LTD.	NT\$ 10,000	NT\$ 44,173	NT\$ 31,972	NT\$ 12,201	NT\$ 106,679	NT\$ 40	NT\$ 4,257	NT\$ 4.26
Shye Feng Enterprise (Thailand) Co., Ltd.	THB 319,500	THB 421,458	THB 405,064	THB 16,394	THB 595,218	THB 28,582	THB 28,257	THB 0.88
Apex IPO (Dong Guan) Ltd.	CNY 9,000	CNY 17,044	CNY 13,440	CNY 3,604	CNY 32,291	CNY (284)	CNY (319)	CNY (0.35)
Shye Feng (Singapore) Pte. Ltd.	SGD 542	SGD 1,254	SGD 592	SGD 662	SGD 2,205	SGD 345	SGD 338	SGD 0.62

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

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**8.3 Company Shares Held or Disposed of by Subsidiaries** None

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

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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 March, 2022 (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 2022

Title/Name	Date	Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
Chairman <b>Shu-Mu Wang</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Director & CEO <b>Jui-Hsiang Chou</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Director <b>Yung-Yuan Cheng</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Director <b>Shun-Chung Lee</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Director & Vice President <b>Sen-Tien Wu</b>	2022.04.22	TAISE/TCCS	Taishin 30 Sustainability Net Zero Summit Forum   Transform to Net Zero	3	Yes
	2022.05.12	TWSE	International Twin Summit	2	Yes
	2022.07.22	TCGA	Audit Committee Advanced Practice Sharing - The Role of Independent Directors in Enterprise Operation and Corporate Governance	3	Yes
Director <b>Somkiat Krajangjaeng</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Director <b>Tu-Chuan Chen</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Independent Director	2022.04.22	TAISE/TCCS	Taishin 30 Sustainability Net Zero Summit Forum   Transform to Net Zero	3	Yes

Title/Name	Date	Organizer (Note)	Course Name	Course Hours	Education Meets Regulations or not
<b>Chau-Chin Su</b>	2022.05.20	SFI	2022 Insider Trading Prevention Seminar	3	Yes
Independent Director <b>Yung-Tsai Chen</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Independent Director <b>Jesadavat Priebjrivat</b>	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Independent Director <b>Ray-Hua Horng</b>	2022.05.12	TWSE	International Twin Summit	2	Yes
	2022.10.06	TWSE	Release Conference 2022: Reference guide for Independent Director & Audit Committee	3	Yes
	2022.10.12	SFI	2022 Seminar of Shareholding Trading and Law Compliance for Insiders	3	Yes
	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
Accounting Officer <b>Jiun-Ting Lin</b>	2022.10.27~28	ARDF	Continuing Development Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	Yes
Chief Governance Officer <b>Li-Yuan Kuo</b>	2022.07.20	TWSE	"Sustainable Development Roadmap" Industry Theme Promotion Conference	2	Yes
	2022.10.05	SFI	2022 Seminar of Shareholding Trading and Law Compliance for Insiders	3	Yes
	2022.10.19	TCGA	The 18th (2022) Corporate Governance Summit Forum - Enhance the Functions of Directors and Implement Sustainable Corporate Governance	6	Yes
	2022.11.10	TCGA	How to Create Corporate Value and Manage Risks by Implementing ESG Strategy?	3	Yes
	2022.12.20	TCGA	Ethical Business and Corporate Governance: Lessons from Japan	3	Yes
	2022.12.21	TIRI	Trade Secret Protection	3	Yes

Note: TCGA - Taiwan Corporate Governance Association

TAISE - Taiwan Institute for Sustainable Energy

TCCS - Taiwan Center for Corporate Sustainability

TWSE - Taiwan Stock Exchange Corporation

SFI - Securities & Futures Institute

ARDF - Accounting Research and Development Foundation

TIRI - Taiwan Investor Relations Institute

8.5.3 The Company evaluates the independence of CPAs in 2022 are as follows :

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

■ CPA *Chun-I Chang* and CPA *Chun-Hsiu 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**

2022 Financial Statements

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

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

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

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

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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, 2022 and 2021, the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgments, the key audit matters that should be disclosed in this audit report are as follows:

#### 1. Subsequent measurements of inventories

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

**Description of key audit matter:**

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

**How the matter was addressed in our audit:**

Our audit procedures included:

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

**2. Impairment of goodwill**

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

**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 (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the years ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

February 28, 2023

#### **Notes to Readers**

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

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

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

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2021	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current assets:</b>						
11xx Cash and cash equivalents (note 6(a))	\$ 714,266	4	660,374	3	2,472,991	12
1110 Financial assets at fair value through profit or loss—current (notes 6(a), (b) and 8)	20,755	-	9,285	-	12	-
1150 Notes receivable, net (notes 6(c) and (p))	156	-	-	-	2,083,281	11
1170 Accounts receivable, net (notes 6(c) and (p))	3,952,037	20	4,330,830	22	5,284,573	3
1200 Other receivables (note 6(d))	121,501	1	201,583	1	533,484	3
130x Inventories (note 6(c))	3,098,039	15	3,737,962	19	61,189	-
1470 Other current assets	58,136	-	125,942	1	45,042	-
<b>Total current assets</b>	<u>7,964,890</u>	<u>40</u>	<u>9,065,976</u>	<u>46</u>	<u>1,400,452</u>	<u>7</u>
<b>Non-current assets:</b>						
15xx Property, plant and equipment (notes 6(f), (g), (h), (i), (j), 8 and 9)	11,480,481	57	10,149,438	51	60,188	-
1600 Right-of-use asset (notes 6(f), (g) and (k))	149,934	1	123,219	1	7,185,096	36
1755 Intangible assets (notes 6(f) and (h))	205,841	1	168,418	1	4,575,831	23
1840 Deferred tax assets (note 6(m))	35,997	-	32,157	-	42,229	-
1915 Prepayment for equipment (note 6(f))	158,966	1	240,198	1	107,713	1
1920 Refundable deposits	8,312	-	7,811	-	18,921	-
1980 Other financial assets—non-current (notes 6(a), (b), (j) and 8)	18,557	-	8,206	-	61,648	-
<b>Total non-current assets</b>	<u>12,058,088</u>	<u>60</u>	<u>10,729,447</u>	<u>54</u>	<u>4,806,342</u>	<u>24</u>
					<u>11,991,438</u>	<u>60</u>
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
21xx Short-term loans (notes 6(f), (i), 7, 8 and 9)						
2100 Financial liabilities at fair value through profit or loss—current (notes 6(a), (b) and 8)						
2120 Accounts payable						
2170 Other payables (notes 6(n) and (q))						
2200 Payable for machinery and equipment						
2213 Current tax liabilities						
2230 Current lease liabilities (notes 6(g) and (k))						
2280 Current portion of long-term loans (notes 6(a), (f), (j), 7 and 8)						
2322 Other current liabilities						
2399 <b>Total current liabilities</b>						
<b>Non-Current liabilities:</b>						
25xx Long-term loans (notes 6(a), (f), (j), 7 and 8)						
2540 Deferred tax liabilities (note 6(m))						
2570 Non-current lease liabilities (notes 6(g) and (k))						
2580 Long-term payable						
2612 Other non-current liabilities (note 6(l))						
2670 <b>Total non-current liabilities</b>						
<b>Total liabilities</b>						
<b>Equity attributable to owners of parent (notes 6(l), (m) and (n)):</b>						
2xxx Common stock						
3110 Capital surplus						
3200 Retained earnings						
3300 Exchange differences on translation of foreign financial statements						
3410 <b>Total equity attributable to owners of parent</b>						
36xx Non-controlling interests						
3xxx <b>Total equity</b>						
2-3xxx <b>Total liabilities and equity</b>						
	<u>\$ 20,022,978</u>	<u>100</u>	<u>19,795,423</u>	<u>100</u>	<u>\$ 20,022,978</u>	<u>100</u>

(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, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4000 <b>Operating revenue (note 6(p))</b>	\$ 14,906,225	100	14,800,683	100
5000 <b>Operating costs (notes 6(e), (f), (g), (h), (k) and (l))</b>	<u>12,076,878</u>	<u>81</u>	<u>11,681,718</u>	<u>79</u>
5900 <b>Gross profit from operations</b>	<u>2,829,347</u>	<u>19</u>	<u>3,118,965</u>	<u>21</u>
6000 <b>Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (n), (q) and 7):</b>				
6188 Selling expenses	975,651	7	797,226	6
6200 Administrative expenses	742,145	5	755,522	6
6300 Research and development expenses	53,600	-	45,440	-
6450 Expected credit loss	<u>46,627</u>	<u>-</u>	<u>43,369</u>	<u>-</u>
<b>Total operating expenses</b>	<u>1,818,023</u>	<u>12</u>	<u>1,641,557</u>	<u>12</u>
6900 <b>Operating income</b>	<u>1,011,324</u>	<u>-7</u>	<u>1,477,408</u>	<u>-9</u>
7000 <b>Non-operating income and expenses (notes 6(b), (f), (k) and (r)):</b>				
7100 Interest income	1,593	-	525	-
7010 Other income	51,908	-	35,237	-
7020 Other gains and losses	42,485	-	(31,895)	-
7050 Finance costs	<u>(161,671)</u>	<u>(1)</u>	<u>(45,247)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>(65,685)</u>	<u>(1)</u>	<u>(41,380)</u>	<u>-</u>
7900 <b>Profit from continuing operations before tax</b>	945,639	6	1,436,028	9
7951 <b>Less: Income tax expenses (note 6(m))</b>	<u>67,272</u>	<u>-</u>	<u>52,146</u>	<u>-</u>
8200 <b>Profit</b>	<u>878,367</u>	<u>6</u>	<u>1,383,882</u>	<u>9</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss (notes 6(l) and (m))</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	11,122	-	6,774	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>586</u>	<u>-</u>	<u>262</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>10,536</u>	<u>-</u>	<u>6,512</u>	<u>-</u>
8360 <b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	478,534	3	(1,047,108)	(7)
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>478,534</u>	<u>3</u>	<u>(1,047,108)</u>	<u>(7)</u>
8300 <b>Other comprehensive income (loss)</b>	<u>489,070</u>	<u>3</u>	<u>(1,040,596)</u>	<u>(7)</u>
8500 <b>Total comprehensive income (loss)</b>	<u>\$ 1,367,437</u>	<u>9</u>	<u>343,286</u>	<u>2</u>
<b>Profit attributable to:</b>				
8610 Owners of parent	\$ 874,482	6	1,377,897	9
8620 Non-controlling interests	<u>3,885</u>	<u>-</u>	<u>5,985</u>	<u>-</u>
	<u>\$ 878,367</u>	<u>6</u>	<u>1,383,882</u>	<u>9</u>
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	\$ 1,361,477	9	341,657	2
8720 Non-controlling interests	<u>5,960</u>	<u>-</u>	<u>1,629</u>	<u>-</u>
	<u>\$ 1,367,437</u>	<u>9</u>	<u>343,286</u>	<u>2</u>
<b>Earnings per share (expressed in New Taiwan dollars) (note 6(o))</b>				
9750 Basic earnings per share	\$ <u>4.60</u>		<u>7.25</u>	
9850 Diluted earnings per share	\$ <u>4.60</u>		<u>7.25</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, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent				Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Special reserve	Retained earnings				
<b>Balance at January 1, 2021</b>	\$ 1,899,380	2,405,512	300,256	3,025,728	(6,244)	7,624,632	36,339	7,660,971
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary share	-	-	-	(569,814)	-	(569,814)	-	(569,814)
Profit	-	-	-	1,377,897	-	1,377,897	5,985	1,383,882
Other comprehensive income	-	-	-	6,485	(1,042,725)	(1,036,240)	(4,356)	(1,040,596)
Total comprehensive income (loss)	-	-	-	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	(1,048,969)	7,396,475	33,206	7,429,681
Appropriation and distribution of retained earnings:								
Special reserve appropriated	-	-	748,713	(748,713)	-	-	-	-
Cash dividends of ordinary share	-	-	-	(759,752)	-	(759,752)	-	(759,752)
Profit	-	-	-	874,482	-	874,482	3,885	878,367
Other comprehensive income	-	-	-	10,491	476,504	486,995	2,075	489,070
Total comprehensive income (loss)	-	-	-	884,973	476,504	1,361,477	5,960	1,367,437
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	(5,826)	(5,826)
<b>Balance at December 31, 2022</b>	\$ 1,899,380	2,405,512	1,048,969	3,216,804	(572,465)	7,998,200	33,340	8,031,540

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, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 945,639	1,436,028
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	1,068,488	807,240
Amortization expense	18,692	16,892
Expected credit loss	46,627	43,369
Interest expense	161,671	45,247
Interest income	(1,593)	(525)
Loss on disposal of property, plant and equipment	25,002	1,301
Valuation gains on financial assets or liabilities, net	(50,190)	-
Loss (gain on reversal) of impairment on non-financial assets	(9,619)	16,997
Gain on lease modification	(337)	(27)
<b>Total adjustments to reconcile profit</b>	<u>1,258,741</u>	<u>930,494</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	39,854	1,307
Notes receivable	(156)	661
Accounts receivable	332,166	(690,449)
Other receivables	80,082	(130,541)
Inventories	639,923	(1,510,082)
Other current assets	67,806	(15,745)
<b>Total changes in operating assets</b>	<u>1,159,675</u>	<u>(2,344,849)</u>
<b>Changes in operating liabilities:</b>		
Financial liabilities at fair value through profit or loss	(4,398)	(3,957)
Accounts payable	(1,454,143)	1,102,745
Other payables	(44,254)	62,502
Other current liabilities	(11,743)	33,452
Other non-current liabilities	11,045	1,184
<b>Total changes in operating liabilities</b>	<u>(1,503,493)</u>	<u>1,195,926</u>
<b>Total changes in operating assets and liabilities</b>	<u>(343,818)</u>	<u>(1,148,923)</u>
<b>Total adjustments</b>	<u>914,923</u>	<u>(218,429)</u>
Cash inflow generated from operations	1,860,562	1,217,599
Interest received	1,593	525
Interest paid	(158,801)	(42,117)
Income taxes paid	(51,064)	(50,209)
<b>Net cash flows from operating activities</b>	<u>1,652,290</u>	<u>1,125,798</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(2,029,284)	(3,472,007)
Proceeds from disposal of property, plant and equipment	809	15,684
Decrease (increase) in refundable deposits	(501)	143
Acquisition of intangible assets	(14,898)	(19,510)
Increase in other financial assets—non-current	(10,351)	(3,895)
Increase in prepayments for equipment	(267,434)	(252,990)
<b>Net cash flows used in investing activities</b>	<u>(2,321,659)</u>	<u>(3,732,575)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	(197,987)	1,376,973
Proceeds from long-term loans	3,029,967	4,394,530
Repayments of long-term loans	(1,521,685)	(2,304,625)
Payment of lease liabilities	(46,289)	(76,960)
Cash dividends paid	(759,752)	(569,814)
Cash dividends distributed to non-controlling interests	(5,826)	(4,762)
<b>Net cash flows from financing activities</b>	<u>498,428</u>	<u>2,815,342</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>224,833</u>	<u>(369,873)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>53,892</u>	<u>(161,308)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>660,374</u>	<u>821,682</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 714,266</u>	<u>660,374</u>

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, 2022 and 2021**

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

**(1) Company history**

Apex International Co., Ltd. (the “Company”) was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange (“TPEX”) in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. (“APT”), which is located in Thailand, and became a listed company on the TPEX in the Republic of China (“R.O.C.”) on October 18, 2011. The Company then changed its listing from the TPEX to the Taiwan Stock Exchange (“TWSE”) in the R.O.C. on September 8, 2015. APT mainly manufactures and sells electronic printed circuit boards. For the related information, please refer to note 14 of the consolidated financial statements. 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, 2023.

**(3) New standards, amendments and interpretations adopted:**

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

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

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

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

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

- (i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities and is evaluating the impact of its initial adoption of the amendments on its consolidated financial position.

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

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

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

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

(iii) Other amendments

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

- Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

(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 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(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).

(Continued)

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

(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 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(n).

(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.

(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 (%)		Note
			December 31, 2022	December 31, 2021	
The Company	Apex Circuit (Thailand) Co., Ltd. (APT)	PCB manufacturing and sales	99.58 %	99.58 %	(Note1)
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00 %	100.00 %	

(Continued)

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

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)		Note
			December 31, 2022	December 31, 2021	
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 %	(Note2)
APS	Shye Feng (Singapore) Pte. Ltd. (APSS)	PCB sales development	100.00 %	100.00 %	

Note 1: The Company's Board of Directors resolved to participate in APT's capital increase and issuance of new shares on February 28, 2023. APT plans to issue 8,000 thousand shares at THB 62.5 per share, with a par value of THB 10 per share. The Company will subscribe the shares in proportion to its shareholding percentage.

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

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.

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.

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

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
- (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.

(Continued)

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

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.

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) Financial assets at 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.

(Continued)

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

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, trades receivable, other receivables, guarantee deposit paid and other financial assets).

Loss allowance for bank balances, other receivables and other financial assets are 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.

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 debtor or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the lender would not otherwise consider;

(Continued)

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

- it is probable that the debtor 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.

(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) 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.

(Continued)

**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.

4) 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.

5) 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. 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.

(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.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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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	1.25 to 20 years
Machinery and equipment	1 to 20 years
Transportation equipment	3 to 5 years
Office equipment	5 to 20 years
Leasehold improvement	1.5 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.

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.

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

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**  
**Notes to the Consolidated Financial Statements**

(k) 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.

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 to 10 years

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

(l) 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. Goodwill is tested annually for impairment.

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.

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

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.

(m) 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.

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.

(n) 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.

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

(o) 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

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

(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.

(p) 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 employee compensation.

(q) 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.

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

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

The preparation of the consolidated financial statements in conformity with the regulations and 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. 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(h) for further description of the impairment of goodwill.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash	\$ 1,521	1,384
Demand deposits	637,507	630,767
Checking deposits	13,822	19,916
Time deposits	<u>61,416</u>	<u>8,307</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 714,266</u></u>	<u><u>660,374</u></u>

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Restricted bank deposit	<b>\$ 18,577</b>	<b>8,206</b>

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

Please refer to note 6(s) for the disclosure of interest rate risks and sensitivity analysis of the Groups' financial assets and liabilities.

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial assets held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	<b>\$ 20,755</b>	<b>9,285</b>

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	<b>\$ 12</b>	<b>4,322</b>

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

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets (liabilities) as of December 31, 2022 and 2021.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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Forward exchange contracts:

<b>December 31, 2022</b>				
	<b>Amount</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Fair value of assets (liabilities)</b>
	<b>(in thousands)</b>			<b>\$</b>
Forward exchange sold	USD 14,000	USD to THB	2023.1.3 ~2023.2.27	<b>20,755</b>
Forward exchange sold	USD 1,000	USD to THB	2023.2.17	<b>(12)</b>
<b>December 31, 2021</b>				
	<b>Amount</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>Fair value of assets (liabilities)</b>
	<b>(in thousands)</b>			<b>\$</b>
Forward exchange purchased	USD 21,390	USD to THB	2022.1.4 ~2022.5.31	<b>9,285</b>
Forward exchange purchased	USD 16,000	NTD to USD	2022.2.14	(786)
Forward exchange purchased	USD 17,500	THB to USD	2022.3.28 ~2022.6.30	(3,536)
				<b>(4,322)</b>

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

(c) Notes receivable and accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable	\$ 156	-
Accounts receivable	4,051,340	4,378,017
Less: allowance for bad debt	(99,303)	(47,187)
	<b>\$ 3,952,193</b>	<b>4,330,830</b>

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.

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

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

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

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
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
	<b>\$ 473,952</b>		<b>7,845</b>

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

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

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

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

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

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

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

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

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

The accounts receivable above did not contain all the amounts that the Group has for a certain client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount is \$38,411 thousand.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
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
	<b>\$ 2,630,261</b>		<b>519</b>

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

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

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

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

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
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
	<b>\$ 912,536</b>		<b>2,325</b>

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

	<b>2022</b>	<b>2021</b>
Balance at the beginning	\$ 47,187	6,896
Impairment losses	46,627	43,369
Foreign exchange losses (gains)	5,489	(3,078)
Balance at the ending	<b>\$ 99,303</b>	<b>47,187</b>

(d) Other receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other receivables	<b>\$ 121,501</b>	<b>201,583</b>

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

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

(e) Inventories

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

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

	<b>December 31, 2021</b>		
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
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
<b>Total</b>	<b>\$ 3,918,603</b>	<b>(180,641)</b>	<b>3,737,962</b>

For the years ended December 31, 2022 and 2021, in addition to the costs of inventories recognized when inventories were sold, the following loss and revenue were included in the Group's operating costs:

	<b>2022</b>	<b>2021</b>
Allowance for inventory valuation and obsolescence losses	\$ 160,197	85,550
Revenue from sale of scrap	(437,847)	(465,592)
Loss on inventory write-off	65,852	59,469
Unallocated manufacturing expense	476,327	342,798
Physical count variance	12	-
	<b>\$ 264,541</b>	<b>22,225</b>

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

(f) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the years ended December 31, 2022 and 2021, were as follows:

	<b>Land</b>	<b>Land improvement</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Transportation equipment</b>	<b>Office equipment</b>	<b>Leasehold improvement</b>	<b>Unfinished construction and equipment undergoing acceptance testing</b>	<b>Total</b>
Cost:									
Balance at January 1, 2022	\$ 664,731	7,442	2,999,906	9,034,187	21,212	547,117	22,834	2,271,303	15,568,732
Additions	-	5,167	235,084	721,328	298	42,408	141	281,677	1,286,103
Disposals	-	-	(225)	(161,274)	(15)	(5,753)	-	-	(167,267)
Reclassification (notes 1 and 2)	-	-	405,743	1,539,733	-	74,727	-	(1,686,847)	333,356
Translation effect	47,332	766	242,839	739,094	1,521	43,874	1,480	97,609	1,174,515
Balance at December 31, 2022	<b>\$ 712,063</b>	<b>13,375</b>	<b>3,883,347</b>	<b>11,873,068</b>	<b>23,016</b>	<b>702,373</b>	<b>24,455</b>	<b>963,742</b>	<b>18,195,439</b>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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	<u>Land</u>	<u>Land improvement</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvement</u>	<u>Unfinished construction and equipment undergoing acceptance testing</u>	<u>Total</u>
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>
Accumulated depreciation and impairment losses:									
Balance at January 1, 2022	\$ -	4,970	976,535	4,093,522	16,976	315,032	12,259	-	5,419,294
Depreciation	-	1,450	184,539	754,168	1,378	77,032	2,866	-	1,021,433
Gain on reversal of impairment	-	-	-	(9,619)	-	-	-	-	(9,619)
Disposals	-	-	(122)	(135,872)	(15)	(5,447)	-	-	(141,456)
Translation effect	-	419	77,949	319,253	1,271	25,563	851	-	425,306
Balance at December 31, 2022	<u>\$ -</u>	<u>6,839</u>	<u>1,238,901</u>	<u>5,021,452</u>	<u>19,610</u>	<u>412,180</u>	<u>15,976</u>	<u>-</u>	<u>6,714,958</u>
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>
Carrying amount:									
Balance at December 31, 2022	<u>\$ 712,063</u>	<u>6,536</u>	<u>2,644,446</u>	<u>6,851,616</u>	<u>3,406</u>	<u>290,193</u>	<u>8,479</u>	<u>963,742</u>	<u>11,480,481</u>
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>

Note 1: The cost of \$361,478 thousand and \$277,861 thousand, respectively, were reclassified from prepayment for equipment for the years ended December 31, 2022 and 2021.

2. The cost of \$28,122 thousand and \$2,003 thousand were reclassified from equipment undergoing acceptance testing of property, plant and equipment to intangible assets for the years ended December 31, 2022 and 2021.

3. The cost of \$233,169 thousand and accumulated derecognition of \$140,466 thousand were reclassified from right-of-use asset for the years ended September 30, 2021.

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

	<u>2022</u>	<u>2021</u>
Loss (gain on reversal) of impairment	<u>\$ (9,619)</u>	<u>16,997</u>

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

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

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

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(g) Right-of-use assets

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

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 124,896	67,759	43,281	1,236	237,172
Additions	52,665	10,238	11,658	-	74,561
Disposals (end of contract and early termination of contract)	(16,105)	-	-	-	(16,105)
Translation effect	<u>9,071</u>	<u>5,293</u>	<u>3,599</u>	<u>88</u>	<u>18,051</u>
Balance at December 31, 2022	<u>\$ 170,527</u>	<u>83,290</u>	<u>58,538</u>	<u>1,324</u>	<u>313,679</u>
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 (end of contract and early termination of contract)	(1,902)	-	-	-	(1,902)
Reclassification to property, plant and equipment	-	(233,169)	-	-	(233,169)
Translation effect	<u>(13,101)</u>	<u>(27,935)</u>	<u>(5,673)</u>	<u>(182)</u>	<u>(46,891)</u>
Balance at December 31, 2021	<u>\$ 124,896</u>	<u>67,759</u>	<u>43,281</u>	<u>1,236</u>	<u>237,172</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2022	\$ 52,408	34,476	26,428	641	113,953
Depreciation	24,707	13,531	8,467	350	47,055
Disposals (end of contract and early termination of contract)	(6,442)	-	-	-	(6,442)
Translation effect	<u>3,788</u>	<u>3,073</u>	<u>2,256</u>	<u>62</u>	<u>9,179</u>
Balance at December 31, 2022	<u>\$ 74,461</u>	<u>51,080</u>	<u>37,151</u>	<u>1,053</u>	<u>163,745</u>
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 (end of contract and early termination of contract)	(736)	-	-	-	(736)
Reclassification to property, plant and equipment	-	(140,466)	-	-	(140,466)
Translation effect	<u>(4,068)</u>	<u>(9,695)</u>	<u>(3,021)</u>	<u>(55)</u>	<u>(16,839)</u>
Balance at December 31, 2021	<u>\$ 52,408</u>	<u>34,476</u>	<u>26,428</u>	<u>641</u>	<u>113,953</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 96,066</u>	<u>32,210</u>	<u>21,387</u>	<u>271</u>	<u>149,934</u>
Balance at December 31, 2021	<u>\$ 72,488</u>	<u>33,283</u>	<u>16,853</u>	<u>595</u>	<u>123,219</u>

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

(h) Intangible assets

The cost, amortization, and impairment losses for the intangible assets of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Costs:					
Balance at January 1, 2022	\$ 103,896	2,711	35,566	118,484	260,657
Addition	-	-	-	14,898	14,898
Disposal	-	-	-	(102)	(102)
Reclassification from property, plant and equipment	-	-	-	28,122	28,122
Translation effect	<u>7,398</u>	<u>195</u>	<u>2,532</u>	<u>10,334</u>	<u>20,459</u>
Balance at December 31, 2022	<u>\$ 111,294</u>	<u>2,906</u>	<u>38,098</u>	<u>171,736</u>	<u>324,034</u>
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	<u>(15,259)</u>	<u>(399)</u>	<u>(5,223)</u>	<u>(15,363)</u>	<u>(36,244)</u>
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>
Amortization and impairment loss:					
Balance at January 1, 2022	\$ -	1,085	7,113	84,041	92,239
Amortization	-	556	3,644	14,492	18,692
Disposals	-	-	-	(102)	(102)
Translation effect	<u>-</u>	<u>102</u>	<u>672</u>	<u>6,590</u>	<u>7,364</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>1,743</u>	<u>11,429</u>	<u>105,021</u>	<u>118,193</u>
Balance at January 1, 2021	\$ -	622	4,079	82,590	87,291
Amortization	-	571	3,746	12,575	16,892
Translation effect	<u>-</u>	<u>(108)</u>	<u>(712)</u>	<u>(11,124)</u>	<u>(11,944)</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>1,085</u>	<u>7,113</u>	<u>84,041</u>	<u>92,239</u>
Carrying amount:					
Balance at December 31, 2022	<u>\$ 111,294</u>	<u>1,163</u>	<u>26,669</u>	<u>66,715</u>	<u>205,841</u>
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>

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 capacity of APS to diversify the product portfolio of the Group. According to IAS 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 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.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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On October 31, 2022 and 2021, asset impairment test reports issued by an external expert engaged by the Group had been prepared based on the APS's financial forecast covering 2023 to 2027 and 2022 to 2026, respectively. The projection of operating revenue over the forecast period was made based on the geographical location and product types. Therefore, the consolidated financial statements disclosed whether the actual operating revenue and gross profit margin achieved the forecast operating revenue and gross profit margin for the years ended December 31, 2022 and 2021.

For the year ended December 31, 2022, the actual operating revenue and the gross profit margin were lower than the forecast; due to the decrease in the price of raw material in 2022, therefore the Group adjusted the unit price of sales, resulting in a lower actual gross profit margin than the forecast. For the year ended December 31, 2021, the actual operating revenue was higher than the forecast; however, the gross profit margin was lower than the forecast due to the increase of the price of raw material at the end of 2021.

Based on the result of value-in-use calculation, the recoverable amount of APS of THB 500,884 thousand and THB 498,307 thousand in 2022 and 2021, respectively, which was higher than the asset's carrying amount. Therefore, no impairment was 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.
- (ii) The after-tax discount rate is based on the Group's weighted-average cost of capital. As of October 31, 2022 and October 31, 2021, the adopted discount rate is 12.90% and 13.90%, respectively.

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.

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

## (i) Short-term loans

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Secured loans	\$ 91,720	138,035
Unsecured loans	<u>2,381,271</u>	<u>2,363,831</u>
Total	<u><b>\$ 2,472,991</b></u>	<u><b>2,501,866</b></u>
Unused credit line	<u><b>\$ 3,196,279</b></u>	<u><b>1,628,791</b></u>
Interest rate (%)	<u><b>0.39~5.81</b></u>	<u><b>0.29~4.09</b></u>

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

## (j) Long-term loans

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Secured loans	\$ 568,775	2,697,734
Unsecured loans	5,413,918	1,424,077
Less: deferred financing fee	<u>(6,410)</u>	<u>(3,010)</u>
Subtotal	5,976,283	4,118,801
Less: current portion	<u>(1,400,452)</u>	<u>(1,082,462)</u>
Total	<u><b>\$ 4,575,831</b></u>	<u><b>3,036,339</b></u>
Unused credit line	<u><b>\$ 6,987,756</b></u>	<u><b>3,080,336</b></u>
Interest rate (%)	<u><b>1.00~5.63</b></u>	<u><b>0.95~4.00</b></u>
Maturity date	<u><b>2023.4~2027.12</b></u>	<u><b>2022.8~2026.3</b></u>

## (i) Collateral for loans

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

## (ii) Loan contract

1) The Company signed a syndication loan agreement with seven financial institutions lead by Mega International Commercial Bank on November 10, 2022, the main debt covenants in the contract were as follows:

- a) The current ratio (current asset/current liability minus debt repayment due in one year) must exceed 100%.
- b) The debt ratio (total liabilities/tangible equity) cannot exceed 200%.
- c) The interest coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense/interest expense] must exceed 300%.
- d) The tangible equity (total equity - intangible asset) must exceed NTD 4.5 billion.

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

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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- 2) APT, a subsidiary of the Company, signed credit contracts separately with several banks in Thailand in 2022, the main debt covenants in the contract with Bangkok Bank, LH Bank, TMB Thanachart Bank, E. Sun Bank (China) and Fubon Bank are as follows:
- a) The current ratio (current asset/current liability minus debt repayment due in one year) must exceed 100%~105%.
  - b) The debt ratio (liability/tangible net asset) cannot exceed 180%~350%.
  - c) Interest coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense)/interest expense] must exceed 300%.
  - d) The tangible net worth must exceed between NTD 4.5 billion to NTD 6.0 billion.
  - e) The debt coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense)/ long term loan] must exceed 125%.

The ratio mentioned above shall be calculated based on the audited annual consolidated financial statements of the Group and audited annual financial statements of APT.

- 3) APT signed the agreements separately with several banks in Thailand, the main debt covenants in the contract with Mega International Commercial Bank are as follows:
- a) The current ratio (current asset/current liability minus debt repayment due in one year) should not be less than 100%.
  - b) Interest coverage ratio [(net income before tax + interest expense + depreciation expense + amortization expense)/interest expense] must exceed 300%.

The ratio mentioned above shall be calculated based on the audited annual consolidated financial statements of the Group.

- 4) As of December 31, 2022 and 2021, the Group did not breach the commitment clause mentioned above.

(k) Lease liabilities

The amounts of leased liability were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	\$ 45,042	40,965
Non-current	107,713	84,479
	<b>\$ 152,755</b>	<b>125,444</b>

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

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>4,139</u>	<u>5,131</u>
Expenses relating to short-term leases	\$ <u>6,635</u>	<u>3,245</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>604</u>	<u>714</u>

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

	<u>2022</u>	<u>2021</u>
Total cash outflow from operating activities	\$ 11,378	9,090
Total cash outflow from investing activities	<u>46,289</u>	<u>76,960</u>
Total cash outflow for leases	\$ <u>57,667</u>	<u>86,050</u>

(i) Real estate leases

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

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

(ii) Other leases

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

(l) Employee benefits

(i) Defined benefit plans

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Net defined benefit liability	\$ <u>55,432</u>	<u>55,342</u>

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

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:

	<u>2022</u>	<u>2021</u>
Defined benefit obligation at January 1	\$ 55,342	61,021
Current service costs and interest	11,208	12,010
Remeasurements of the net defined benefit liability		
— Actuarial gains and losses arising from changes in demographic assumptions	(1,019)	(167)
— Actuarial gains and losses arising from changes in financial assumptions	(6,469)	(6,607)
Underestimation of actuarial gains in prior period	(3,634)	-
Benefit paid	(3,768)	(2,986)
Exchange differences on translation of foreign plans	3,772	(7,929)
Defined benefit obligation at December 31	<u>\$ 55,432</u>	<u>55,342</u>

2) Expenses recognized in profit or loss

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

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 10,022	11,213
Net interest on the net defined benefit liability	1,186	797
Prior service cost and profit and loss due to settlement	(3,768)	(2,986)
	<u>\$ 7,440</u>	<u>9,024</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 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Cumulative amount at January 1	\$ (16,708)	(10,737)
Recognized losses during this period	(11,122)	(6,774)
Translation effect	(792)	803
Cumulative amount at December 31	<u>\$ (28,622)</u>	<u>(16,708)</u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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4) Actuarial assumptions

Assumptions used on calculating the present value of the defined benefit obligation as of December 31, 2022 and 2021 were as follow:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Discount rate	2.83%~3.22%	1.86%~2.36%
Future salary increases (employees paid monthly)	1.00%~3.00%	1.00%~3.00%
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 \$2,743 thousand.

The weighted average duration of the defined benefit plan is 9.25 years to 13.40 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.

As of December 31, 2022 and 2021, the effect of changes in actuarial assumption on the present value of the defined benefit obligation was as follows:

	<b>The effect of defined benefit obligation</b>	
	<b>Increase 1.00%</b>	<b>Decrease 1.00%</b>
At December 31, 2022		
Discount rate (changes 1.00%)	(6,144)	7,272
Future salary adjustment rate (changes 1.00%)	7,266	(6,240)
	<b>The effect of defined benefit obligation</b>	
	<b>Increase 1.00%</b>	<b>Decrease 1.00%</b>
At December 31, 2021		
Discount rate (changes 1.00%)	(7,098)	8,496
Future salary adjustment rate (changes 1.00%)	8,438	(7,177)

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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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 \$1,022 thousand and \$1,000 thousand for 2022 and 2021, 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 \$6,216 thousand and \$6,383 thousand as of December 31, 2022 and 2021, respectively.

(m) Income taxes

Under the tax regulations of Thailand, the maximum statutory income tax rate applicable to APT and APS was 20% in 2022 and 2021. 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.

(i) Income tax expense

Income tax expense of the Group for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ <u>86,335</u>	<u>55,254</u>
Deferred tax benefit		
Origination and reversal of temporary differences	<u>(19,063)</u>	<u>(3,108)</u>
Income tax expense from continuing operations	<u>\$ <u>67,272</u></u>	<u><u>52,146</u></u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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Income tax recognized under other comprehensive income for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Items that will not reclassified into profit and loss		
Remeasurements of defined benefit liability	\$ <u>586</u>	<u>262</u>

Reconciliation of income tax and profit before tax for 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Profit before income tax	\$ <u>945,639</u>	<u>1,436,028</u>
Income tax calculated by a statutory tax rate applied by subsidiaries	\$ 199,207	296,063
Adjustment in accordance with tax law	(9,455)	15,477
Tax-exempt income	<u>(122,480)</u>	<u>(259,394)</u>
Total	\$ <u>67,272</u>	<u>52,146</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, 2022</u>	<u>December 31, 2021</u>
Tax losses	\$ <u>38,392</u>	<u>32,762</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.

The Group's estimated unused loss carry-forwards are not recognized ended at December 31, 2022, deduction period 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
2022	<u>28,147</u>	2032
	\$ <u>191,959</u>	

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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2) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities in 2022 and 2021, respectively, are as follows:

Deferred tax liabilities:

	Fair value gains	Difference between tax base and accounting base for finance leases	Others	Total
<b>Balance at January 1, 2022</b>	\$ 738	55,195	43	55,976
Recognized in profit or loss	174	(16,999)	(134)	(16,959)
Effect in exchange rate	61	3,155	(4)	3,212
<b>Balance at December 31, 2022</b>	<u>\$ 973</u>	<u>41,351</u>	<u>(95)</u>	<u>42,229</u>
<b>Balance at January 1, 2021</b>	\$ 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)
<b>Balance at December 31, 2021</b>	<u>\$ 738</u>	<u>55,195</u>	<u>43</u>	<u>55,976</u>

Deferred tax assets:

	Defined benefit plans	Unrealized impairment losses	Difference between tax base and accounting base for useful life of fixed assets	Others	Total
<b>Balance at January 1, 2022</b>	\$ 9,179	6,117	11,173	5,688	32,157
Recognized in profit or loss	(94)	(4,319)	1,160	5,357	2,104
Recognized in other comprehensive income	(586)	-	-	-	(586)
Effect in exchange rate	622	232	849	619	2,322
<b>Balance at December 31, 2022</b>	<u>\$ 9,121</u>	<u>2,030</u>	<u>13,182</u>	<u>11,664</u>	<u>35,997</u>
<b>Balance at January 1, 2021</b>	\$ 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
Recognised in other comprehensive income	(262)	-	-	-	(262)
Effect in exchange rate	(1,195)	(534)	(1,511)	(366)	(3,606)
<b>Balance at December 31, 2021</b>	<u>\$ 9,179</u>	<u>6,117</u>	<u>11,173</u>	<u>5,688</u>	<u>32,157</u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(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 2021. The income tax return of AET and the Company's Taiwan Branch had been approved by the revenue department through 2020. The income tax return of APC had been approved by the revenue department through 2021.

(n) Share capital and other equity

As of December 31, 2022 and 2021, 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. The authorized common stock is ordinary share capital.

Reconciliation of shares outstanding for the years ended December 31, 2022 and 2021, was as follows:

	Unit: Thousand shares	
	<b>2022</b>	<b>2021</b>
Ending balance at December 31	<b>189,938</b>	<b>189,938</b>
(Beginning balance at January 1)		

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Premium on capital stock	\$ 2,378,112	2,378,112
Donation by shareholders	27,067	27,067
Difference arising from subsidiary's share price and its carrying value	333	333
	<b>\$ 2,405,512</b>	<b>2,405,512</b>

(ii) Retained earnings

According to the Company's original Articles of Association, if there are profits in the final accounts of given year, the Company shall first make up the losses for the previous years ("Accumulated Losses"), and then set aside a special surplus reserve ("Special Surplus Reserve") as required by the competent securities authority under the Applicable Public Company Rules. The remaining balance, after adding the amount of undistributed earnings at the beginning of the period, shall be distributed based on the following percentages:

- 1) The remuneration of employees shall not be more than 2%.
- 2) The remuneration of directors and supervisors shall not be more than 2%.

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

- 3) Shareholders' dividend should not be less than 10%, and the 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 matters in proposing the distribution of the unappropriated retained earnings in the beginning of the year.

When employees' remuneration is distributed by issuing stocks, 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 dividends or bonuses.

According to the amendment of the Company's Articles of Association, which was approved by the shareholders' meeting held on May 24, 2022, if there are profits in the final accounts of given year, the Company shall first make up the losses for the previous years ("Accumulated Losses"), and then set aside a special surplus reserve ("Special Surplus Reserve") as required by the competent securities authority under the Applicable Public Company Rules. If the remaining undistributed earnings at the beginning of the period are cumulative distributable earnings, the Board of Directors shall prepare a resolution for the distribution of earnings in accordance with the dividend policy.

The Company operates in a mature industry and is in the growth stage. In determining the amount of retained earnings and distributable earnings, the Company's dividend policy is based on the Company's future capital expenditure budget and the Company's capital requirements for future years. The amount of profit for retention and distribution, the types and percentages of dividend shall be proposed by the Board, and the Board may recommend to distribute no less than 10% of the profit of the current year as dividend, after consideration of the Company's actual earnings and capital position, and approved by the stockholders in the annual general meeting; provided that, the cash portion shall be no less than 30% of total dividends to shareholders.

(iii) Special reserve

In accordance with Financial Supervisory Commission regulation, 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, 2022 and 2021, the special reserve was \$1,048,969 thousand and \$300,256 thousand.

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

(iv) Distribution of earnings

According to the Company's Articles of Association before the amendment, if the Company is profitable during the given accounting year, then the Company is allowed to set aside a maximum amount of 2% of its net profit as remuneration to employees, directors, and supervisors. However, when experiencing a cumulative loss, the Company shall first reserve a appropriate amount. The Company's estimated bonus to employees, was \$0 thousand, and remuneration to directors were \$720 thousand, respectively, in 2021. Should there be difference between the actual distribution amount and the estimated amount, it will be regarded as changes in accounting estimates, and it will be listed in the Company's profit or loss for the given year.

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

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

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

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

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

(o) Earnings per share

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

	<u>2022</u>	<u>2021</u>
Basic EPS (Diluted EPS):		
Net income	\$ <u>874,482</u>	<u>1,377,897</u>
Weighted-average number of common shares outstanding (thousand shares)	<u>189,938</u>	<u>189,938</u>
Basic EPS / Diluted EPS (New Taiwan Dollars)	\$ <u>4.60</u>	<u>7.25</u>

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

(p) Revenues from contracts with customers

(i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Singapore	\$ 2,694,929	3,049,293
Thailand	2,431,444	2,746,461
Vietnam	2,397,528	2,192,040
Korea	1,727,651	1,490,762
Other	<u>5,654,673</u>	<u>5,322,127</u>
	<u><b>\$ 14,906,225</b></u>	<u><b>14,800,683</b></u>
Main product/service line		
Single-layer PCB sales	\$ 478,121	610,225
Double-layer PCB sales	4,503,136	4,811,756
Multi-layer PCB sales	9,903,391	9,322,546
Other	51,456	63,586
Less: sales return and allowance	<u>(29,879)</u>	<u>(7,430)</u>
	<u><b>\$ 14,906,225</b></u>	<u><b>14,800,683</b></u>

(ii) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable	\$ 156	-	661
Accounts receivable	4,051,340	4,378,017	3,690,646
Less: allowance for bad debts	<u>(99,303)</u>	<u>(47,187)</u>	<u>(6,896)</u>
Total	<u><b>\$ 3,952,193</b></u>	<u><b>4,330,830</b></u>	<u><b>3,684,411</b></u>

(q) Employee compensation and directors' remuneration

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

The Company estimated the remuneration to employees of \$0 thousand, and the remuneration to directors of \$1,440 thousand. If there are difference between the actual distribution and estimated distribution, it will change in accounting estimate, and are recognized as gain or loss next year. The related information is available on the Market Observation Post System website.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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There is no difference between the amount of remuneration to employees and directors which distributed by the above-mentioned resolutions of the Board of Directors and the estimated amounts in the consolidated financial report of 2022.

(r) Non-operating income and expenses

(i) Interest income

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

	<u>2022</u>	<u>2021</u>
Interest income on bank deposits	\$ <u>1,593</u>	<u>525</u>

(ii) Other income

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

	<u>2022</u>	<u>2021</u>
Income from cancellation of orders	\$ 26,761	20,224
Others	<u>25,147</u>	<u>15,013</u>
	<u>\$ 51,908</u>	<u>35,237</u>

(iii) Other gains and losses

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

	<u>2022</u>	<u>2021</u>
Losses on disposal of property, plant and equipment	\$ (25,002)	(1,301)
Net foreign exchange gains (losses)	7,453	(15,063)
Valuation gains on financial assets or liabilities, net	50,190	1,570
Gain on reversal (loss) of impairment	9,619	(16,997)
Gain on lease modifications	337	27
Others	<u>(112)</u>	<u>(131)</u>
	<u>\$ 42,485</u>	<u>(31,895)</u>

(iv) Finance cost

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

	<u>2022</u>	<u>2021</u>
Interest expense on loans from banks	\$ 190,756	84,533
Interest expense on lease liabilities	4,139	5,131
Less: interest expense capitalized	<u>(33,224)</u>	<u>(44,417)</u>
	<u>\$ 161,671</u>	<u>45,247</u>

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

(s) 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 \$4,835,584 thousand and \$5,218,089 thousand as of December 31, 2022 and 2021, 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 44% and 38% of the total amount of notes and accounts receivable as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the Group's accounts receivable concentrated on three main customers were \$1,739,782 thousand and \$1,664,796 thousand, respectively.

3) Credit risk of accounts receivable

Please refer to note 6(c) for information on credit risk of accounts receivable; and note 6(d) for details of other receivables. All of other receivables are considered to have low risk, and thus, the allowance for bad debts are measured by the expected losses of 12 months during the period.

(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>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 2,472,991	2,482,497	2,482,497	-	-
Long-term loans	5,976,283	6,404,925	1,597,734	2,138,907	2,668,284
Lease liabilities	152,755	161,985	48,924	40,453	72,608
Accounts payable	2,083,281	2,083,281	2,083,281	-	-
Other payables (including payables for equipment)	1,061,941	1,061,941	1,061,941	-	-
Long-term payable	18,921	18,921	-	8,278	10,643
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(30,725)	(30,725)	-	-
Outflow	12	30,737	30,737	-	-
	<u>\$ 11,766,184</u>	<u>12,213,562</u>	<u>7,274,389</u>	<u>2,187,638</u>	<u>2,751,535</u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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	<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>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Short-term loans	\$ 2,501,866	2,507,677	2,507,677	-	-
Long-term loans	4,118,801	4,318,904	1,169,251	789,860	2,359,793
Lease liabilities	125,444	133,532	44,238	33,716	55,578
Accounts payable	3,537,424	3,537,424	3,537,424	-	-
Other payables (including payables for equipment)	1,632,808	1,632,808	1,632,808	-	-
Long-term payable	232,619	232,619	-	218,098	14,521
Derivative financial liabilities					
Other forward contract—					
Inflow	-	(928,601)	(928,601)	-	-
Outflow	4,322	932,923	932,923	-	-
	<u>\$ 12,153,284</u>	<u>12,367,286</u>	<u>8,895,720</u>	<u>1,041,674</u>	<u>2,429,892</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, 2022</u>			<u>December 31, 2021</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	\$ 125,960	30.58	3,851,455	143,590	27.59	3,961,867
Financial liabilities						
Monetary items						
USD	54,558	30.89	1,685,207	131,078	27.86	3,651,461

2) Sensitivity analysis

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

A 5% strengthening of the NTD and THB against the USD as at December 31, 2022 and 2021, would have increased (decreased) net profit before tax for the years ended December 31, 2022 and 2021, by \$(108,000) thousand and \$(16,000) thousand, respectively. The analysis assumes that all other variables remain constant, and is performed on the same basis for 2021.

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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3) Exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Group, the Group discloses its exchange gains and losses of monetary items aggregately. The Group's exchange gains (losses), including realized and unrealized, were \$7,453 thousand and \$(15,063) thousand for the three monthsthe years ended December 31, 2022 and 2021, respectively.

(iv) Interest rate risk

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

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

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 \$21,123 thousand and \$16,453 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This was mainly due to the Group's interest rate of borrowing at variable rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, 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, 2022				
	Amount	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets—current	\$ 20,755	-	20,755	-	20,755

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	December 31, 2022				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	714,266	-	-	-	-
Notes receivables	156	-	-	-	-
Accounts receivables	3,952,037	-	-	-	-
Other receivables	121,501	-	-	-	-
Refundable deposits	8,312	-	-	-	-
Other financial assets	<u>18,557</u>	-	-	-	-
Subtotal	<u>4,814,829</u>	-	-	-	-
Total	<u>\$ 4,835,584</u>	<u>-</u>	<u>20,755</u>	<u>-</u>	<u>20,755</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities—current	\$ <u>12</u>	-	<u>12</u>	-	<u>12</u>
Financial liabilities measured at amortized cost					
Short-term loans	2,472,991	-	-	-	-
Long-term loans	5,976,283	-	-	-	-
Lease liabilities	152,755	-	-	-	-
Accounts payable	2,083,281	-	-	-	-
Other payables (including payables for equipment)	1,061,941	-	-	-	-
Long-term payable	<u>18,921</u>	-	-	-	-
Subtotal	<u>11,766,172</u>	-	-	-	-
Total	<u>\$ 11,766,184</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>

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	December 31, 2021				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets—current	\$ 9,285	-	9,285	-	9,285
Financial assets measured at amortized cost					
Cash and cash equivalents	660,374	-	-	-	-
Accounts receivables	4,330,830	-	-	-	-
Other receivables	201,583	-	-	-	-
Refundable deposits	7,811	-	-	-	-
Other financial assets	8,206	-	-	-	-
Subtotal	5,208,804	-	-	-	-
Total	<u>\$ 5,218,089</u>	<u>-</u>	<u>9,285</u>	<u>-</u>	<u>9,285</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities—current	\$ 4,322	-	4,322	-	4,322
Financial liabilities measured at amortized cost					
Short-term loans	2,501,866	-	-	-	-
Long-term loans	4,118,801	-	-	-	-
Lease liabilities	125,444	-	-	-	-
Accounts payable	3,537,424	-	-	-	-
Other payables (including payables for equipment)	1,632,808	-	-	-	-
Long-term payable	232,619	-	-	-	-
Total	<u>\$ 12,153,284</u>	<u>-</u>	<u>4,322</u>	<u>-</u>	<u>4,322</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 equivalents, notes and accounts receivable and payable, other receivables and payables, refundable deposits, other financial assets, short-term loans, payables for machinery and equipment.

ii) Fair value of long-term loans, lease liabilities, and long-term payable are estimated using the present value of future cash flows discounted by the interest rates the Group may obtain for similar loans and lease payable. However, long-term loans are recognized at its book value because most of it has floating rates. Lease liabilities are calculated based on the fixed rate agreed in the lease contract or incremental borrowing rate. Long-term payable is calculated based on the weighted-average cost of capital (WACC). There were no significant differences between book value and discounted present value. Thus, long-term payable is recognized at book value.

b) Derivative financial instruments

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

(t) Financial risk management

(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 risk. Please see other related notes on the consolidated financial statements for quantitative information.

(Continued)

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

(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.

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.

(Continued)

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

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. For information on guarantees as of December 31, 2022 and 2021, please refer to note 13.

(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, 2022 and 2021, the Group's unused credit line were amounted to \$10,184,035 thousand and \$4,709,127 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.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency 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) and USD. The currencies used in these transactions are the TWD, THB, CNY, SGD and USD.

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.

(Continued)

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

(u) Capital management

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

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

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Net liabilities	<u>\$ 11,991,438</u>	<u>12,365,742</u>
Total equity	<u>\$ 8,031,540</u>	<u>7,429,681</u>
Debt-to-equity ratio	<u>149.30 %</u>	<u>166.44 %</u>

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

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

	Unit: thousands of THB	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Net liabilities	<u>\$ 13,053,650</u>	<u>13,677,756</u>
Total equity	<u>\$ 8,925,524</u>	<u>9,523,298</u>
Debt-to-equity ratio	<u>146.25 %</u>	<u>143.62 %</u>

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

(Continued)

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

(v) Non-cash investing and financing activities

For the years ended December 31, 2022 and 2021, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through leasing. Please refer to note 6(g) for related information.

Reconciliation of liabilities from financing activities were as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes Acquisition or termination of contracts</u>	<u>Translation effect</u>	<u>December 31, 2022</u>
Long-term loans	\$ 4,118,801	1,508,282	-	349,200	5,976,283
Short-term loans	2,501,866	(197,987)	-	169,112	2,472,991
Lease liabilities	125,444	(46,289)	64,561	9,039	152,755
Total liabilities from financing activities	<u>\$ 6,746,111</u>	<u>1,264,006</u>	<u>64,561</u>	<u>527,351</u>	<u>8,602,029</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes Acquisition or termination of contracts</u>	<u>Translation effect</u>	<u>December 31, 2021</u>
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>3,389,918</u>	<u>75,021</u>	<u>(561,759)</u>	<u>6,746,111</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.

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

(Continued)

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

(c) Significant transactions with related parties — Guarantee

For the years ended December 31, 2022 and 2021, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

(d) Management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 50,378	50,730
Post-employment benefits	303	112
Other long-term benefits	<u>5</u>	<u>5</u>
	<u>\$ 50,686</u>	<u>50,847</u>

**(8) Pledged assets:**

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other financial assets			
— non-current:			
Restricted bank deposits	Long-term loans and derivative instruments not used for hedging	\$ 18,557	8,206
Property, plant, and equipment:			
Land	Long-term and short-term loans	389	363
Buildings	Long-term and short-term loans	31,369	35,826
Machinery and equipment	Long-term, short-term loans and electricity guarantee	1,514,838	1,100,397
Total		<u>\$ 1,565,153</u>	<u>1,144,792</u>

**(9) Significant commitments and contingencies:**

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Acquisition of property, plant and equipment	\$ 427,560	1,165,428
Other long-term commitments	<u>43,658</u>	<u>42,990</u>
Total	<u>\$ 471,218</u>	<u>1,208,418</u>

(Continued)

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Letters of credit	<u>\$ 34,940</u>	<u>149,333</u>

(c) Guarantees provided by banks were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Electricity guarantee	<u>\$ 119,858</u>	<u>78,785</u>

**(10) Losses due to major disasters:None**

**(11) Subsequent events:None**

**(12) Other:**

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

Function Account	2022			2021		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel benefit costs						
Salaries	1,471,341	320,326	1,791,667	1,822,921	346,367	2,169,288
Health insurance	-	1,797	1,797	-	1,723	1,723
Pension	5,254	3,208	8,462	5,625	4,399	10,024
Other personnel expense	145,355	85,195	230,550	146,554	126,849	273,403
Depreciation	955,334	113,154	1,068,488	706,804	100,436	807,240
Amortization	7,218	11,474	18,692	6,211	10,681	16,892

(Continued)

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

**(13) Other disclosures:****(a) Information on significant transactions:**

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (note 1)										
1	The Company	APT	2	23,994,600 (Note 2)	16,076,479	14,248,490	6,043,720	-	178.15 %	23,994,600 (Note 3)	Y	N	N
2	APT	The Company	3	3,967,842 (Note 4)	1,105,543	-	-	-	- %	3,967,842 (Note 5)	N	Y	N
3	APT	APS	4	3,967,842 (Note 4)	720,171	720,171	369,750	-	9.00 %	3,967,842 (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 for the guarantee provided to a specific enterprise shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity. However, the guarantee amount is still limited to 300% of the net worth of the Company's latest financial statements.

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

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

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

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

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

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock:

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Apex Circuit (Thailand) Co., Ltd.	Plant construction wastewater recycling projects	2022.1.26 2022.2.12 2022.5.11	382,540	266,367	Fah Chun Development Co., Ltd.	None				-	External contractors were hired to perform on site construction	Expansion of business	None

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock:

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.	APT	3	Sales	102,026	95.64 %	Note 1	-	-	21,104	94.64 %	Note 3

(Continued)

## APEX INTERNATIONAL CO., LTD.

### Notes to Consolidated Interim Financial Statements

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.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
The Company	APT	Thailand	PCB (printed circuit board) manufacturing and sales	3,311,762	3,311,762	143,194	99.58 %	7,902,354	924,532	920,649 (Note 4)	
The Company	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	9,109	4,257	2,913 (Note 4)	
APT	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	277,485	32	99.99 %	218,195	14,055	14,054 (Note 3)	
APS	APSS	Singapore	PCB sales development	8,195	8,195	402	100.00 %	10,500	7,280	5,110 (Note 4)	

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

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

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

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

(c) Information on investment in China:

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

Unit: in thousands of dollars

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Supply Chain integration	39,848 (RMB9,000)	2	-	-	-	-	(1,413) (RMB(319))	99.58 %	(1,506) (RMB(340))	12,021 (RMB2,684)	-

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

- (1) Direct investment in China.
- (2) Indirect investment in China through investment in Thailand (APT).
- (3) Other methods.

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

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

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

Note 5: The book value at end of period were calculated by using the exchange rate on December 31, 2022 (BS exchange rate RMB:TWD=1:4.4788).The net income (loss) of the investee company and investment gains (losses) recognized by the parent company were calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.4294).

(ii) Limitation on investment in China: None.

(iii) Significant transactions in China: None.

(Continued)

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

(d) Major shareholders:

Unit: share

Shareholder's Name	Shareholding	Shares	Percentage
Lu Yan Xian		11,100,000	5.84 %
Cathay Life Insurance fully authorize Cathay Securities Investment Trust (Taiwan Stock nine)		9,539,000	5.02 %

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

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

**(14) Segment information:**

(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, 2022 and 2021.

(Continued)

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

	December 31, 2022			
	Thailand	Others	Adjustments and eliminations	Consolidated
Revenue:				
Revenue from external customers	\$ 14,861,083	46,568	(1,426)	14,906,225
Revenue from transactions with other operating segments	64,761	250,824	(315,585)	-
<b>Total revenue</b>	<b>\$ 14,925,844</b>	<b>297,392</b>	<b>(317,011)</b>	<b>14,906,225</b>
Interest expense	\$ 156,616	5,055	-	161,671
Depreciation and amortization	\$ 1,083,173	4,007	-	1,087,180
<b>Segment's profit or loss</b>	<b>\$ 997,233</b>	<b>(37,824)</b>	<b>(13,770)</b>	<b>945,639</b>
<b>Segment's assets</b>	<b>\$ 19,675,824</b>	<b>250,898</b>	<b>96,256</b>	<b>20,022,978</b>
	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)	-
<b>Total revenue</b>	<b>\$ 14,815,681</b>	<b>285,076</b>	<b>(300,074)</b>	<b>14,800,683</b>
Interest expense	\$ 41,818	3,429	-	45,247
Depreciation and amortization	\$ 820,067	4,065	-	824,132
<b>Segment's profit or loss</b>	<b>\$ 1,509,085</b>	<b>(57,192)</b>	<b>(15,865)</b>	<b>1,436,028</b>
<b>Segment's assets</b>	<b>\$ 19,534,260</b>	<b>177,986</b>	<b>83,177</b>	<b>19,795,423</b>

(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.

**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

<u>Region</u>	<u>2022</u>	<u>2021</u>
Singapore	\$ 2,694,929	3,049,293
Thailand	2,431,444	2,746,461
Vietnam	2,397,528	2,192,040
Korea	1,727,651	1,490,762
Others	<u>5,654,673</u>	<u>5,322,127</u>
Total	<u>\$ 14,906,225</u>	<u>14,800,683</u>

Non-current assets:

<u>Region</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 12,480	6,218
China	787	1,486
Singapore	1,134	559
Thailand	<u>11,980,821</u>	<u>10,673,010</u>
Total	<u>\$ 11,995,222</u>	<u>10,681,273</u>

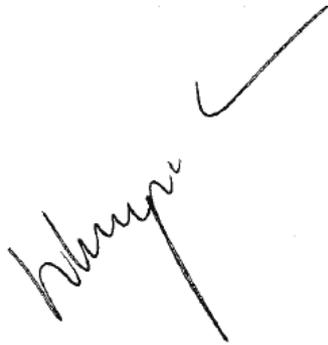
Non-current assets include property, plant and equipment, right-of-use assets, intangible assets, and prepayment for equipment, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information on major customers

Revenue on major customers for more than 10% of the Group's total revenue are as follows:

	<u>2022</u>	<u>2021</u>
A customer from Thailand segment	<u>\$ 4,538,888</u>	<u>4,682,684</u>
B customer from Thailand segment	<u>\$ 1,702,523</u>	<u>1,537,104</u>

**Apex International Co., Ltd.**

A handwritten signature in black ink, appearing to read 'Huang', with a checkmark-like flourish at the end.



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