

Stock Code :1733

**Apex Biotechnology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Apex Biotechnology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Apex Biotechnology Corporation and its subsidiaries (collectively, the “Company”) as of June 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statement of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2023, and 2022, the combined total assets of these non-significant subsidiaries were NT\$17,428 thousand and NT\$18,354 thousand, respectively, representing 0.73% and 0.71%, respectively, of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT\$6,134 thousand and NT\$8,927 thousand, respectively, representing 0.94% and 0.99%, respectively, of the consolidated total liabilities; for the three

months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the amounts of combined comprehensive income of these subsidiaries were NT\$1,092 thousand, NT\$1,763 thousand, NT\$1,675 thousand and NT\$192 thousand, respectively, representing 3.89%, 5.53%, 2.64% and 0.24%, respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ya Yun Chang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 8, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022		June 30, 2022		LIABILITIES AND EQUITY	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets							Current liabilities						
Cash and cash equivalents (Note 6)	\$ 365,416	15	\$ 331,705	13	\$ 451,244	17	Short-term loans (Note 16)	\$ -	-	\$ 50,000	2	\$ -	-
Financial assets at fair value through profit or loss – current (Note 7)	60,414	3	65,829	3	66,651	3	Contract liabilities - current (Note 22)	32,163	1	29,043	1	69,400	3
Notes and accounts receivable, net (Notes 9, 22 and 29)	335,936	14	486,769	19	473,057	18	Notes payable (Note 17)	38,368	2	63,225	3	68,455	3
Other receivables (Note 9)	6,962	-	10,117	1	14,526	-	Accounts payable (Notes 17 and 29)	125,838	5	226,460	9	294,292	11
Inventories (Note 10)	769,814	32	739,252	29	667,051	26	Dividends payable (Note 21)	139,930	6	-	-	129,935	5
Other current assets (Note 15)	<u>21,049</u>	<u>1</u>	<u>20,806</u>	<u>1</u>	<u>22,504</u>	<u>1</u>	Other payables (Notes 18 and 28)	135,684	6	142,968	6	139,830	5
Total current assets	<u>1,559,591</u>	<u>65</u>	<u>1,654,478</u>	<u>66</u>	<u>1,695,033</u>	<u>65</u>	Current tax liabilities (Notes 4 and 24)	37,250	2	36,915	2	48,054	2
							Current provisions (Note 19)	10,414	-	10,901	-	11,270	1
Non-current assets							Lease liabilities - current (Note 13)	7,957	-	8,014	-	7,769	-
Financial assets at amortized cost - non-current (Notes 8 and 30)	6,200	1	6,200	-	6,200	-	Other current liabilities (Note 18)	<u>3,128</u>	<u>-</u>	<u>3,026</u>	<u>-</u>	<u>2,830</u>	<u>-</u>
Property, plant and equipment (Note 12)	623,727	26	641,370	26	649,881	25	Total current liabilities	<u>530,732</u>	<u>22</u>	<u>570,552</u>	<u>23</u>	<u>771,835</u>	<u>30</u>
Right-of-use assets (Note 13)	120,198	5	124,709	5	128,914	5							
Intangible assets (Note 14)	66,799	3	69,141	3	103,723	4	Non-current liabilities						
Deferred tax assets (Notes 4 and 24)	3,248	-	3,620	-	3,850	-	Deferred tax liabilities (Notes 4 and 24)	1,354	-	3,103	-	472	-
Prepayments for business facilities	3,210	-	4,917	-	10,260	1	Lease liabilities - non-current (Note 13)	118,881	5	122,668	5	126,367	5
Refundable deposits	4,011	-	4,109	-	3,995	-	Guarantee deposits received	<u>472</u>	<u>-</u>	<u>485</u>	<u>-</u>	<u>488</u>	<u>-</u>
Net defined benefit asset, non-current (Notes 4 and 20)	<u>5,830</u>	<u>-</u>	<u>6,157</u>	<u>-</u>	<u>759</u>	<u>-</u>	Total non-current liabilities	<u>120,707</u>	<u>5</u>	<u>126,256</u>	<u>5</u>	<u>127,327</u>	<u>5</u>
Total non-current assets	<u>833,223</u>	<u>35</u>	<u>860,223</u>	<u>34</u>	<u>907,582</u>	<u>35</u>							
							Total liabilities	<u>651,439</u>	<u>27</u>	<u>696,808</u>	<u>28</u>	<u>899,162</u>	<u>35</u>
							Equity attributable to shareholders of the parent (Note 21)						
							Share capital						
							Ordinary shares	<u>999,502</u>	<u>42</u>	<u>999,502</u>	<u>40</u>	<u>999,502</u>	<u>38</u>
							Capital surplus	<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>
							Retained earnings						
							Legal reserve	516,208	22	497,454	20	497,454	19
							Unappropriated earnings	<u>146,562</u>	<u>6</u>	<u>242,493</u>	<u>9</u>	<u>129,608</u>	<u>5</u>
							Total retained earnings	<u>662,770</u>	<u>28</u>	<u>739,947</u>	<u>29</u>	<u>627,062</u>	<u>24</u>
							Other equity	<u>10,071</u>	<u>-</u>	<u>9,507</u>	<u>-</u>	<u>7,713</u>	<u>-</u>
							Equity attributable to shareholders of the parent	1,740,711	73	1,817,324	72	1,702,645	65
							Non-controlling interests (Note 21)	<u>664</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>808</u>	<u>-</u>
							Total equity	<u>1,741,375</u>	<u>73</u>	<u>1,817,893</u>	<u>72</u>	<u>1,703,453</u>	<u>65</u>
Total assets	<u>\$ 2,392,814</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	<u>\$ 2,602,615</u>	<u>100</u>	Total liabilities and equity	<u>\$ 2,392,814</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	<u>\$ 2,602,615</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated August 8, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE								
(Notes 22 and 29)	\$ 417,281	100	\$ 608,105	100	\$ 853,818	100	\$ 1,130,059	100
OPERATING COSTS								
(Notes 10、23 and 29)	294,268	70	474,478	78	596,589	70	864,127	76
GROSS PROFIT	123,013	30	133,627	22	257,229	30	265,932	24
OPERATING EXPENSES (Notes 23 and 29)								
Selling and marketing expenses	28,710	7	27,763	4	51,386	6	55,164	5
General and administrative expenses	31,141	8	29,204	5	61,873	7	59,281	5
Research and development expenses	39,350	9	43,124	7	78,105	9	78,211	7
Total operating expenses	99,201	24	100,091	16	191,364	22	192,656	17
INCOME FROM OPERATIONS	23,812	6	33,536	6	65,865	8	73,276	7
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 23)	814	-	51	-	1,137	-	78	-
Other income (Notes 23 and 26)	1,950	-	1,090	-	2,911	-	1,598	-
Other gains and losses (Note 23)	7,845	2	(6,058)	(1)	12,787	1	13,223	1
Finance costs (Note 23)	(896)	-	(1,030)	-	(2,565)	-	(2,214)	-
Total non-operating income and expenses	9,713	2	(5,947)	(1)	14,270	1	12,685	1
INCOME BEFORE INCOME TAX	33,525	8	27,589	5	80,135	9	85,961	8
INCOME TAX BENEFIT								
(EXPENSE) (Notes 4 and 24)	(6,429)	(1)	1,502	-	(17,291)	(2)	(11,383)	(1)
NET INCOME	27,096	7	29,091	5	62,844	7	74,578	7

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
(LOSS) (Notes 21)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences arising on translation of foreign operations	\$ 946	-	\$ 2,818	-	\$ 568	-	\$ 5,254	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 28,042</u>	<u>7</u>	<u>\$ 31,909</u>	<u>5</u>	<u>\$ 63,412</u>	<u>7</u>	<u>\$ 79,832</u>	<u>7</u>
NET INCOME ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 27,019	7	\$ 29,061	5	\$ 62,753	7	\$ 74,653	7
Non-controlling interests	<u>77</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>91</u>	<u>-</u>	<u>(75)</u>	<u>-</u>
	<u>\$ 27,096</u>	<u>7</u>	<u>\$ 29,091</u>	<u>5</u>	<u>\$ 62,844</u>	<u>7</u>	<u>\$ 74,578</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 27,957	7	\$ 31,846	5	\$ 63,317	7	\$ 79,848	7
Non-controlling interests	<u>85</u>	<u>-</u>	<u>63</u>	<u>-</u>	<u>95</u>	<u>-</u>	<u>(16)</u>	<u>-</u>
	<u>\$ 28,042</u>	<u>7</u>	<u>\$ 31,909</u>	<u>5</u>	<u>\$ 63,412</u>	<u>7</u>	<u>\$ 79,832</u>	<u>7</u>
EARNINGS PER SHARE (Note 25)								
Basic	<u>\$ 0.27</u>		<u>\$ 0.29</u>		<u>\$ 0.63</u>		<u>\$ 0.75</u>	
Diluted	<u>\$ 0.27</u>		<u>\$ 0.29</u>		<u>\$ 0.63</u>		<u>\$ 0.74</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 8, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								
	Share Capital			Retained Earnings		Other Equity			
	Shares				Unappropriated	Exchange			
	(In thousands)	Amount	Capital Surplus	Legal Reserve	Earnings	Differences	on	Non-controlling	Total Equity
						Translation of	Foreign	Interests	
						Operations	Total		
BALANCE AT JANUARY 1, 2022	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ 1,752,732	\$ 824	\$ 1,753,556
Appropriation of 2021 earnings									
Legal reserve	-	-	-	20,476	(20,476)	-	-	-	-
Cash dividends -\$1.3 per share	-	-	-	-	(129,935)	-	(129,935)	-	(129,935)
Net income (loss) for the six months ended									
June 30, 2022	-	-	-	-	74,653	-	74,653	(75)	74,578
Other comprehensive income (loss) for the six									
months ended June 30, 2022, net of Income tax	-	-	-	-	-	5,195	5,195	59	5,254
Total comprehensive income (loss) for the six									
months ended June 30, 2022	-	-	-	-	74,653	5,195	79,848	(16)	79,832
BALANCE AT JUNE 30, 2022	99,950	\$ 999,502	\$ 68,368	\$ 479,454	\$ 129,608	\$ 7,713	\$ 1,702,645	\$ 808	\$ 1,703,453
BALANCE AT JANUARY 1, 2023	99,950	\$ 999,502	\$ 68,368	\$ 497,454	\$ 242,493	\$ 9,507	\$ 1,817,324	\$ 569	\$ 1,817,893
Appropriation of 2022 earnings									
Legal reserve	-	-	-	18,754	(18,754)	-	-	-	-
Cash dividends -\$1.40 per share	-	-	-	-	(139,930)	-	(139,930)	-	(139,930)
Net income for the six months ended									
June 30, 2023	-	-	-	-	62,753	-	62,753	91	62,844
Other comprehensive income (loss) for the six									
months ended June 30,2023, net of Income tax	-	-	-	-	-	564	564	4	568
Total comprehensive income (loss) for the six									
months ended June 30,2023	-	-	-	-	62,753	564	63,317	95	63,412
BALANCE AT JUNE 30, 2023	99,950	\$ 999,502	\$ 68,368	\$ 516,208	\$ 146,562	\$ 10,071	\$ 1,740,711	\$ 664	\$ 1,741,375

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 8, 2023)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands of New Taiwan Dollars)**

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 80,135	\$ 85,961
Adjustments for :		
Depreciation expense	33,475	35,525
Amortization expense	5,260	11,791
Net loss on financial assets at fair value		
through profit or loss	5,415	3,768
Finance costs	2,565	2,214
Interest income	(1,137)	(78)
Dividend income	(1,421)	(446)
Property, plant and equipment transferred to		
expenses	137	657
Impairment loss on non-financial assets	3,000	3,000
Unrealized foreign exchange gain	(11,915)	(9,735)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	154,414	3,428
Other receivables	3,123	(555)
Inventories	(33,562)	(41,466)
Other current assets	(243)	(10,865)
Contract liabilities	3,120	(23,660)
Notes payable	(24,857)	9,722
Accounts payable	(100,787)	7,343
Other payables	(5,212)	(2,277)
Provisions	(487)	1,520
Other current liabilities	102	(59)
Net defined benefit assets	<u>327</u>	<u>355</u>
Cash generated from operations	111,452	76,143
Interest received	1,169	79
Dividend received	1,421	446
Interest paid	(2,565)	(2,214)
Income taxes paid	(<u>18,052</u>)	(<u>9,215</u>)
Net cash generated from operating activities	<u>93,425</u>	<u>65,239</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	\$ -	(\$ 1,705)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,001
Acquisition of property, plant and equipment	(13,378)	(14,570)
Decrease in refundable deposits	103	79
Acquisition of intangible assets	(2,320)	(3,094)
Decrease (Increase) in prepayments for business facilities	<u>1,707</u>	(<u>5,798</u>)
Net cash used in investing activities	(<u>13,888</u>)	(<u>24,087</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	220,550	362,450
Decrease in short-term loans	(270,550)	(512,450)
Increase (Decrease) in guarantee deposits received	(26)	19
Payments of lease liabilities	(<u>3,963</u>)	(<u>3,783</u>)
Net cash used in financing activities	(<u>53,989</u>)	(<u>153,764</u>)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>8,163</u>	<u>8,522</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,711	(104,090)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>331,705</u>	<u>555,334</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 365,416</u>	<u>\$ 451,244</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 8, 2023)

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Apex Biotechnology Corporation (“APEX”) was incorporated on December 2, 1997 and engages mainly in research, development, production, manufacturing and selling of biochemical testing instruments and its detection strips, and trade of products and components relevant to the core business.

APEX’s shares have been listed on the Taiwan Stock Exchange (TWSE) since September 19, 2001.

The consolidated financial statements are presented in APEX’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issued by the Board of Directors on August 8, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of APEX and its subsidiaries (collectively as the “Company”).

- b. New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

(Concluded)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

- 1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the

Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The disclosed information included in these interim consolidated financial statements is less than the disclosed information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets or liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of APEX and the entities controlled by APEX (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of APEX and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Notes 11 and 32 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the Company considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 280	\$ 2,081	\$ 361
Checking accounts and demand deposits	365,136	278,952	450,883
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	-	50,672	-
	<u>\$ 365,416</u>	<u>\$ 331,705</u>	<u>\$ 451,244</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets at FVTPL -current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic emerging market shares	\$ 52,056	\$ 58,919	\$ 60,627
Domestic unlisted shares	<u>8,358</u>	<u>6,910</u>	<u>6,024</u>
	<u>\$ 60,414</u>	<u>\$ 65,829</u>	<u>\$ 66,651</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Non-current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>\$ 6,200</u>

- The interest rates range for time deposits with original maturities of more than 3 months was 0.790%~1.065% per annum as of June 30,2023, December 31,2022 and June 30, 2022.
- Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 6,095</u>	<u>\$ 5,151</u>	<u>\$ 5,247</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	329,874	481,650	467,841
Less: Allowance for impairment loss	(<u>33</u>)	(<u>32</u>)	(<u>31</u>)
	<u>329,841</u>	<u>481,618</u>	<u>467,810</u>
	<u>\$ 335,936</u>	<u>\$ 486,769</u>	<u>\$ 473,057</u>

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other receivables</u>			
Tax receivable	\$ 6,704	\$ 10,028	\$ 14,070
Others	<u>258</u>	<u>89</u>	<u>456</u>
	<u>\$ 6,962</u>	<u>\$ 10,117</u>	<u>\$ 14,526</u>

Accounts receivable

The average credit period of sales of goods is 15 days to 90 days. No interest is charged on accounts receivable. To strengthen the credit risk management, small amount of credit limit is offered to the new client. Once the transaction is stable and the sales amount has reached a certain level, would entrust the professional credit investigation agency to determine the credit limit of the customer based on the relevant reports, complimented with other supervision procedures to ensure appropriate actions has been taken to guarantee the collection of the overdue receivables. Moreover, the Company will double check the collectable amount of the account receivables on the balance sheet date as the assurance that the uncollectable account receivables has been listed and recognized as appropriate impairment loss.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlook. The Company uses different provision matrixes based on customer segments by credit rating, transaction type, and determines the expected credit loss rate by reference to past due days of accounts receivable.

The Company writes off an account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

June 30, 2023

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$271,631	\$ 55,678	\$ 1,944	\$ 621	\$ -	\$329,874
Loss allowance (Lifetime ECLs)	-	-	(16)	(17)	-	(33)
Amortized cost	<u>\$271,631</u>	<u>\$ 55,678</u>	<u>\$ 1,928</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$329,841</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$372,592	\$ 61,370	\$ 47,674	\$ 14	\$ -	\$481,650
Loss allowance (Lifetime ECLs)	-	-	(18)	(14)	-	(32)
Amortized cost	<u>\$372,592</u>	<u>\$ 61,370</u>	<u>\$ 47,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$481,618</u>

June 30, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 90 Days Past Due	91 to 180 Days Past Due	Over 181 Days Past Due	Total
Gross carrying amount	\$402,016	\$ 23,683	\$ 42,051	\$ 43	\$ 48	\$467,841
Loss allowance (Lifetime ECLs)	(1)	(2)	(1)	(26)	(1)	(31)
Amortized cost	<u>\$402,015</u>	<u>\$ 23,681</u>	<u>\$ 42,050</u>	<u>\$ 17</u>	<u>\$ 47</u>	<u>\$467,810</u>

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 32	\$ 29
Foreign exchange gains and losses	<u>1</u>	<u>2</u>
Balance at June 30	<u>\$ 33</u>	<u>\$ 31</u>

10. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods and merchandise	\$ 86,374	\$ 94,737	\$ 95,250
Work in progress	274,830	293,973	266,961
Raw materials	<u>408,610</u>	<u>350,542</u>	<u>304,840</u>
	<u>\$ 769,814</u>	<u>\$ 739,252</u>	<u>\$ 667,051</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were NT\$294,268 thousand, NT\$474,478 thousand, NT\$596,589 thousand, and NT\$864,127 thousand, respectively. The cost of goods sold included inventory write-downs were NT\$1,500 thousand, NT\$1,500 thousand, NT\$3,000 thousand and NT\$3,000 thousand, respectively.

11. SUBSIDIARIES

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Remark
			June 30, 2023	December 31, 2022	June 30, 2022	
APEX	Omnis Health LLC	Import and exports of medical equipment and its relevant business	99%	99%	99%	-
	Apex Biotechnology (Suzhou) Corporation	Import and exports of medical equipment and its relevant business	96%	96%	96%	1

Note 1 : The subsidiary included in the consolidated financial statements is non-significant, and its financial statements has not been reviewed.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment under Acceptance	Total
<u>Cost</u>									
Balance at January 1, 2023	\$261,675	\$604,129	\$506,565	\$ 38,829	\$ 2,955	\$ 20,152	\$197,945	\$ 10,906	\$ 1,643,156
Additions	-	-	2,210	-	1,400	27	1,633	6,064	11,334
Disposals	-	-	(2,477)	(290)	-	-	(16)	(137)	(2,920)
Reclassification	-	-	2,514	-	476	-	250	(3,240)	-
Effects of exchange rate changes	-	-	21	-	-	5	(25)	-	1
Balance at June 30, 2023	<u>\$261,675</u>	<u>\$604,129</u>	<u>\$508,833</u>	<u>\$ 38,539</u>	<u>\$ 4,831</u>	<u>\$ 20,184</u>	<u>\$199,787</u>	<u>\$ 13,593</u>	<u>\$1,651,571</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2023	\$ -	\$337,248	\$445,738	\$ 25,962	\$ 2,432	\$ 16,184	\$174,222	\$ -	\$1,001,786
Depreciation expenses	-	11,824	7,644	1,911	64	693	6,714	-	28,850
Disposals	-	-	(2,477)	(290)	-	-	(16)	-	(2,783)
Effects of exchange rate changes	-	-	9	-	-	2	(20)	-	(9)
Balance at June 30, 2023	<u>\$ -</u>	<u>\$349,072</u>	<u>\$450,914</u>	<u>\$ 27,583</u>	<u>\$ 2,496</u>	<u>\$ 16,879</u>	<u>\$180,900</u>	<u>\$ -</u>	<u>\$1,027,844</u>
Carrying amount at June 30, 2023	<u>\$261,675</u>	<u>\$255,057</u>	<u>\$ 57,919</u>	<u>\$ 10,956</u>	<u>\$ 2,335</u>	<u>\$ 3,305</u>	<u>\$ 18,887</u>	<u>\$ 13,593</u>	<u>\$623,727</u>
Carrying amount at December 31, 2022 and									
January 1, 2023	<u>\$261,675</u>	<u>\$266,881</u>	<u>\$ 60,827</u>	<u>\$ 12,867</u>	<u>\$ 523</u>	<u>\$ 3,968</u>	<u>\$ 23,723</u>	<u>\$ 10,906</u>	<u>\$641,370</u>

	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment under Acceptance	Total
<u>Cost</u>									
Balance at January 1, 2022	\$261,675	\$601,955	\$489,106	\$ 38,246	\$ 2,314	\$ 19,198	\$195,330	\$ 10,052	\$1,617,876
Additions	-	1,483	1803	-	641	951	717	11,786	17,381
Disposals	-	-	(8,858)	-	-	-	(219)	(657)	(9,734)
Reclassification	-	503	13,193	583	-	-	776	(15,055)	-
Effects of exchange rate changes	-	-	100	-	-	48	18	-	166
Balance at June 30, 2022	<u>\$261,675</u>	<u>\$603,941</u>	<u>\$495,344</u>	<u>\$ 38,829</u>	<u>\$ 2,955</u>	<u>\$ 20,197</u>	<u>\$196,622</u>	<u>\$ 6,126</u>	<u>\$1,625,689</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2022	\$ -	\$311,621	\$442,751	\$ 21,820	\$ 2,307	\$ 14,927	\$160,421	\$ -	\$953,847
Depreciation expenses	-	13,590	7,066	2,094	60	767	7,399	-	30,976
Disposals	-	-	(8,858)	-	-	-	(219)	-	(9,077)
Effects of exchange rate changes	-	-	9	-	-	42	11	-	62
Balance at June 30, 2022	<u>\$ -</u>	<u>\$325,211</u>	<u>\$440,968</u>	<u>\$ 23,914</u>	<u>\$ 2,367</u>	<u>\$ 15,736</u>	<u>\$167,612</u>	<u>\$ -</u>	<u>\$975,808</u>
Carrying amount at June 30, 2022	<u>\$261,675</u>	<u>\$278,730</u>	<u>\$ 54,376</u>	<u>\$ 14,915</u>	<u>\$ 588</u>	<u>\$ 4,461</u>	<u>\$ 29,010</u>	<u>\$ 6,126</u>	<u>\$649,881</u>

The Company's property, plant and equipment are all for self-use.

No impairment loss recognized or reversed for the six months ended June 30, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings

Main buildings	21-47 years
Electronic equipment	2-16 years
Machinery equipment	1-11 years
Testing equipment	2-10 years
Transportation equipment	2-6 years
Office equipment	2-7 years
Miscellaneous equipment	2-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Land	\$ 107,170	\$ 109,050	\$ 110,932
Buildings	11,954	13,894	15,527
Transportation equipment	687	1,100	1,512
Office equipment	<u>387</u>	<u>665</u>	<u>943</u>
	<u>\$ 120,198</u>	<u>\$ 124,709</u>	<u>\$ 128,914</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Additions to right-of-use assets			<u>\$ -</u>	<u>\$ 2,370</u>
Depreciation charge for right-of-use assets				
Land	\$ 940	\$ 938	\$ 1,880	\$ 1,874
Buildings	1,030	1,001	2,054	1,958
Transportation equipment	206	204	413	438
Office equipment	<u>139</u>	<u>140</u>	<u>278</u>	<u>279</u>
	<u>\$ 2,315</u>	<u>\$ 2,283</u>	<u>\$ 4,625</u>	<u>\$ 4,549</u>

Except for the aforementioned additions and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2023 and 2022.

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 7,957</u>	<u>\$ 8,014</u>	<u>\$ 7,769</u>
Non-current	<u>\$ 118,881</u>	<u>\$ 122,668</u>	<u>\$ 126,367</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	2.93%	2.93%	2.93%
Buildings	0.86%-3.85%	0.86%-3.85%	0.86%-3.85%
Transportation equipment	5.69%	5.69%	5.69%
Office equipment	5.69%	5.69%	5.69%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 2 to 33 years.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 590	\$ 615	\$ 1,140	\$ 1,257
Total cash outflow for leases			(\$ 6,894)	(\$ 6,897)

14. INTANGIBLE ASSETS

	Software	Trademarks	Patents	Customer Relationship	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 22,892	\$ 151,726	\$ 27,281	\$ 98,886	\$ 300,785
Additions	1,358	-	962	-	2,320
Effects of exchange rate changes	74	2,063	-	1,385	3,522
Balance at June 30, 2023	<u>\$ 24,324</u>	<u>\$ 153,789</u>	<u>\$ 28,243</u>	<u>\$ 100,271</u>	<u>\$ 306,627</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 17,652	\$ 102,723	\$ 12,383	\$ 98,886	\$ 231,644
Amortization expenses	780	3,598	882	-	5,260
Effects of exchange rate changes	74	1,465	-	1,385	2,924
Balance at June 30, 2023	<u>\$ 18,506</u>	<u>\$ 107,786</u>	<u>\$ 13,265</u>	<u>\$ 100,271</u>	<u>\$ 239,828</u>
Carrying amount at June 30, 2023	<u>\$ 5,818</u>	<u>\$ 46,003</u>	<u>\$ 14,978</u>	<u>\$ -</u>	<u>\$ 66,799</u>
Carrying amounts at December 31,					
2022 and January 1, 2023	<u>\$ 5,240</u>	<u>\$ 49,003</u>	<u>\$ 14,898</u>	<u>\$ -</u>	<u>\$ 69,141</u>

	Software	Trademarks	Patents	Customer Relationship	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 19,302	\$ 137,024	\$ 26,581	\$ 89,129	\$ 272,036
Additions	3,094	-	-	-	3,094
Effects of exchange rate changes	<u>363</u>	<u>9,789</u>	<u>-</u>	<u>6,569</u>	<u>16,721</u>
Balance at June 30, 2022	<u>\$ 22,759</u>	<u>\$ 146,813</u>	<u>\$ 26,581</u>	<u>\$ 95,698</u>	<u>\$ 291,851</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 15,886	\$ 73,308	\$ 10,698	\$ 65,666	\$ 165,558
Amortization expenses	634	4,234	836	6,087	11,791
Effects of exchange rate changes	<u>361</u>	<u>5,367</u>	<u>-</u>	<u>5,051</u>	<u>10,779</u>
Balance at June 30, 2022	<u>\$ 16,881</u>	<u>\$ 82,909</u>	<u>\$ 11,534</u>	<u>\$ 76,804</u>	<u>\$ 188,128</u>
Carrying amount at June 30, 2022	<u>\$ 5,878</u>	<u>\$ 63,904</u>	<u>\$ 15,047</u>	<u>\$ 18,894</u>	<u>\$ 103,723</u>

Based on the revised estimation in 2022, the collectable amount of the receivables is less than the carrying amount, thus the recognized impairment loss is NT\$24,887 thousand.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Trademarks	2-12.7 years
Patents	1-19 years
Software	1-10 years
Customer Relationship	1-6.7 years

15. OTHER CURRENT ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Prepayments (Note)	\$ 19,425	\$ 18,998	\$ 20,654
Others	<u>1,624</u>	<u>1,808</u>	<u>1,850</u>
	<u>\$ 21,049</u>	<u>\$ 20,806</u>	<u>\$ 22,504</u>

Note : The prepayments were mainly for the prepayment of patents, maintenance expenses, trademarks and insurance expenses, etc.

16. BORROWINGS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Unsecured borrowings</u>			
Working capital loans	\$ <u> -</u>	\$ <u> 50,000</u>	\$ <u> -</u>

The interest rate on bank borrowing was 1.70% at June 30,2022.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Notes payable</u>			
Operating	\$ <u> 38,368</u>	\$ <u> 63,225</u>	\$ <u> 68,455</u>
<u>Accounts payable</u>			
Operating	\$ <u> 125,838</u>	\$ <u> 226,460</u>	\$ <u> 294,292</u>

The average credit period on purchases of certain goods was 30-90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 53,926	\$ 66,970	\$ 57,466
Payables for employees' compensation and remuneration of directors	22,001	17,361	22,815
Payables for purchases of equipment	1,280	3,324	3,785
Others (Note)	<u>58,477</u>	<u>55,313</u>	<u>55,764</u>
	\$ <u> 135,684</u>	\$ <u> 142,968</u>	\$ <u> 139,830</u>
	June 30, 2023	December 31, 2022	June 30, 2022
<u>Other liabilities</u>			
Receipts under custody	\$ <u> 3,128</u>	\$ <u> 3,026</u>	\$ <u> 2,830</u>

Note: Other item refers to the consumables occurred from the operation, utility bills and maintenance for cleaning, etc. relevant payables.

19. PROVISIONS

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Current</u>			
Employee benefits (Note)	\$ <u>10,414</u>	\$ <u>10,901</u>	\$ <u>11,270</u>

Note : The provision for employee benefits represents vested service leave entitlements accrued.

20. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022, and for the six months ended June 30, 2023 and 2022, the pension expenses of defined benefit plans were NT\$163 thousand, NT\$178 thousand, NT\$327 thousand, and NT\$355 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

21. EQUITY

a. Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>
Issued and paid shares (in thousands)	<u>99,950</u>	<u>99,950</u>	<u>99,950</u>
Issued capital	\$ <u>999,502</u>	\$ <u>999,502</u>	\$ <u>999,502</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Conversion of convertible bonds	\$ 26,570	\$ 26,570	\$ 26,570
Treasury share transactions	1,592	1,592	1,592
Transfer in from shares option due to convertible bonds repayment	<u>40,206</u>	<u>40,206</u>	<u>40,206</u>
	\$ <u>68,368</u>	\$ <u>68,368</u>	\$ <u>68,368</u>

Note : Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit,

such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividends policy

APEX passed a resolution in the shareholders' meeting on May 27, 2022 to amend its Articles of Association, stipulating that the company authorizes a special resolution of the board of directors to distribute dividends and bonuses in cash and report to the shareholders' meeting.

According to the distribution policy of APEX's amended Articles of Association, if there is a surplus in the annual final accounts, the tax payable should be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution. If all or part of the above-mentioned distribution of dividends and bonuses is made in the form of cash distribution, the board of directors shall be authorized to do so with the presence of more than two-thirds of the directors and the consent of more than half of the directors present, and report to the shareholders' meeting.

As the distribution policy before the amendment of APEX's article of association, if there is a surplus in the annual final accounts, the tax payable shall be estimated and retained in advance, the losses should be made up according to law, and 10% should be set aside as the legal reserve. However, the restriction shall not apply if the legal reserve has already accumulated to reach the amount equal to APEX's paid-in capital. Secondly, according to the law or the regulations of the competent authority, the special reserve shall be appropriated or reversed. If there is any surplus, the accumulative undistributed surplus of the previous year shall be added to the accumulative distributable surplus. The board of directors shall prepare a surplus distribution proposal and submit it to the shareholders' meeting for resolution on distribution.

For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Based on the article of association of APEX, the dividend policy mainly takes the considerations of future expansion scale for operation and the demand for cash flow into account, and shareholders' interest, balance the stock dividend and long-term company financial planning, etc. The shareholder dividend shall be more than 50% of the accumulated distributed earnings, among which the cash dividend shall be not less than 20% of the total amount of the distributed dividend.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals APEX's paid-in capital. The legal reserve may be used to offset deficits. If APEX has no deficit and the legal reserve has exceeded 25% of APEX's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2022	2021
Legal reserve	\$ 18,754	\$ 20,476
Cash dividends	\$ 139,930	\$ 129,935
Cash dividends per share (NT\$)	\$ 1.4	\$ 1.3

The above 2022 appropriations for cash dividends had been resolved by the Company's board of directors on March 10, 2023. The other proposed appropriations for 2022 had been resolved by the shareholders in their meeting on May 31, 2023. The appropriations for 2021 had been resolved by the shareholders in their meeting on May 27, 2022.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Six Months Ended	
	June 30	
	2023	2022
Balance at January 1	\$ 9,507	\$ 2,518
Recognized for the period		
Exchange differences on the translation of		
the financial statements of foreign		
operations	564	5,195
Balance at June 30	\$ 10,071	\$ 7,713

e. Non-controlling interests

	For the Six Months Ended	
	June 30	
	2023	2022
Balance at January 1	\$ 569	\$ 824
Share in profit (loss) for the period	91	(75)
Other comprehensive income (loss) during the		
period		
Exchange differences on the translation of		
the financial statements of foreign		
operations	4	59
Balance at June 30	\$ 664	\$ 808

22. REVENUE

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 394,646	\$ 595,885	\$ 829,753	\$ 1,111,234
Other operating revenue	<u>22,635</u>	<u>12,220</u>	<u>24,065</u>	<u>18,825</u>
	<u>\$ 417,281</u>	<u>\$ 608,105</u>	<u>\$ 853,818</u>	<u>\$ 1,130,059</u>

a. Contract information

Revenue from the sale of goods

The Company estimates the discount amount based on the range of price discounts given in the past, using the most probable amount. However, taking into the account that major competitors provide more favorable discounts than the estimated amount, the Company determines the revenue recognition amount based on the favorable discount. The remaining products are sold at a fixed price as agreed in the contract.

b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Accounts receivable (Note 9)	<u>\$ 329,841</u>	<u>\$ 481,618</u>	<u>\$ 467,810</u>	<u>\$ 467,703</u>
Contract liabilities				
Sale of goods	<u>\$ 32,163</u>	<u>\$ 29,043</u>	<u>\$ 69,400</u>	<u>\$ 93,060</u>

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of the performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Six Months Ended	
	June 30	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	<u>\$ 23,968</u>	<u>\$ 30,698</u>

c. Disaggregation of revenue

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
USA	\$ 161,900	\$ 219,357	\$ 302,722	\$ 411,806
Italy	137,922	204,807	322,507	394,684
Austria	26,313	97,660	73,782	165,784
Taiwan	17,727	38,323	35,670	58,108
Others	<u>73,419</u>	<u>47,958</u>	<u>119,137</u>	<u>99,677</u>
	<u>\$ 417,281</u>	<u>\$ 608,105</u>	<u>\$ 853,818</u>	<u>\$ 1,130,059</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Bank deposits	<u>\$ 814</u>	<u>\$ 51</u>	<u>\$ 1,137</u>	<u>\$ 78</u>

b. Other income

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Dividend income	\$ 1,421	\$ 446	\$ 1,421	\$ 446
Rental income	405	330	808	661
Grant income (Note 26)	30	-	30	-
Others	<u>94</u>	<u>314</u>	<u>652</u>	<u>491</u>
	<u>\$ 1,950</u>	<u>\$ 1,090</u>	<u>\$ 2,911</u>	<u>\$ 1,598</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net foreign exchange gains (Loss)	\$ 13,210	(\$ 3,210)	\$ 18,152	\$ 16,991
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily classified as at FVTPL	(5,415)	(2,107)	(5,415)	(2,063)
Financial liabilities held for trading	-	(741)	-	(1,705)
Others	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
	<u>\$ 7,845</u>	<u>(\$ 6,058)</u>	<u>\$ 12,787</u>	<u>\$ 13,223</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ 890	\$ 933	\$ 1,791	\$ 1,857
Interest on bank loans	<u>6</u>	<u>97</u>	<u>774</u>	<u>357</u>
	<u>\$ 896</u>	<u>\$ 1,030</u>	<u>\$ 2,565</u>	<u>\$ 2,214</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 10,454	\$ 10,785	\$ 21,285	\$ 22,030
Operating expenses	<u>6,041</u>	<u>6,634</u>	<u>12,190</u>	<u>13,495</u>
	<u>\$ 16,495</u>	<u>\$ 17,419</u>	<u>\$ 33,475</u>	<u>\$ 35,525</u>

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
An analysis of amortization by function				
Operating costs	\$ 191	\$ 149	\$ 382	\$ 274
Selling and marketing expenses	862	4,380	1,719	8,551
General and administrative expenses	1,015	992	2,021	1,934
Research and development expenses	<u>575</u>	<u>514</u>	<u>1,138</u>	<u>1,032</u>
	<u>\$ 2,643</u>	<u>\$ 6,035</u>	<u>\$ 5,260</u>	<u>\$ 11,791</u>

f. Employee benefits expense

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Short-term benefits	\$ 127,736	\$ 142,423	\$ 257,691	\$ 282,500
Post-employment benefits				
Defined contribution plan	4,030	4,184	8,155	8,218
Defined benefit plans (Note 20)	<u>163</u>	<u>178</u>	<u>327</u>	<u>355</u>
Total employee benefits expense	<u>\$ 131,929</u>	<u>\$ 146,785</u>	<u>\$ 266,173</u>	<u>\$ 291,073</u>

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
An analysis of employee benefits expense by function				
Operating costs	\$ 74,723	\$ 92,200	\$ 153,912	\$ 182,396
Operating expenses	<u>57,206</u>	<u>54,585</u>	<u>112,261</u>	<u>108,677</u>
	<u>\$ 131,929</u>	<u>\$ 146,785</u>	<u>\$ 266,173</u>	<u>\$ 291,073</u>

g. Compensation of employees and remuneration of directors

According to the APEX's Articles, APEX accrues compensation of employees and remuneration of directors at the rates of no less than 3% and no higher than 1%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022, were as follows:

Accrual rate

	For the Six Months Ended	
	June 30	
	2023	2022
Compensation of employees	7%	7%
Remuneration of directors	1%	1%

Amount

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Compensation of employees	<u>\$ 2,414</u>	<u>\$ 2,257</u>	<u>\$ 5,959</u>	<u>\$ 6,705</u>
Remuneration of directors	<u>\$ 345</u>	<u>\$ 323</u>	<u>\$ 851</u>	<u>\$ 958</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of compensation of employees and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 10, 2023 and March 18, 2022, respectively, are as shown below:

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 15,191	\$ -	\$ 15,152	\$ -
Remuneration of directors	2,170	-	2,020	-

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended

December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the APEX's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Foreign exchange gains	\$ 16,423	\$ 9,533	\$ 29,457	\$ 33,459
Foreign exchange losses	(3,213)	(12,743)	(11,305)	(16,468)
	<u>\$ 13,210</u>	<u>(\$ 3,210)</u>	<u>\$ 18,152</u>	<u>\$ 16,991</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 7,697	\$ 8,776	\$ 18,668	\$ 18,793
Adjustments for prior periods	<u>-</u>	<u>(7,758)</u>	<u>-</u>	<u>(1,580)</u>
	7,697	1,018	18,668	17,213
Deferred tax				
In respect of the current period	(1,268)	(2,520)	(1,377)	(5,830)
Income tax expense recognized in profit or loss	<u>\$ 6,429</u>	<u>(\$ 1,502)</u>	<u>\$ 17,291</u>	<u>\$ 11,383</u>

b. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Basic earnings per share	\$ 0.27	\$ 0.29	\$ 0.63	\$ 0.75
Diluted earnings per share	\$ 0.27	\$ 0.29	\$ 0.63	\$ 0.74

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Profit for the period attributable to the parent company used in the computation of diluted earnings per share	\$ 27,019	\$ 29,061	\$ 62,753	\$ 74,653

Number of shares (in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950	99,950	99,950
Effect of potentially dilutive ordinary shares:				
Compensation of employees	210	248	433	503
Weighted average number of ordinary shares used in the computation of diluted earnings per share	100,160	100,198	100,383	100,453

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. GOVERNMENT GRANTS

For the six months ended June 30, 2023, the Company received a government subsidy of NT\$30 thousand from the Ministry of Economy Affairs on the Dubai International Medical Exhibition. The amount has been included in the Other income item.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of equity attributable to owners of the parent company (comprising share capital, capital surplus, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, or the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities that not measured at fair value were approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ -	\$ -	\$ 52,056	\$ 52,056
Domestic unlisted shares	-	-	8,358	8,358
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,414</u>	<u>\$ 60,414</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ -	\$ -	\$ 58,919	\$ 58,919
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,910</u>	<u>6,910</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ 60,627	\$ -	\$ -	\$ 60,627
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>6,024</u>	<u>6,024</u>
	<u>\$ 60,627</u>	<u>\$ -</u>	<u>\$ 6,024</u>	<u>\$ 66,651</u>

There were no transfers between Level 1 and Level 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) Partial domestic emerging market shares equity investment adopts market method, which refers to the price base of the benchmark stock and consider the differences between the evaluated target and the benchmark stock, adding on the value of the appropriate multiply to the evaluation target. The major unobservable of the asset input value is listed as below. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	June 30, 2023	December 31, 2022	June 30, 2022
Discount for lack of marketability	11.68%	15.35%	-

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Discount for lack of marketability			
1% increase	(\$ 589)	(\$ 696)	\$ -
1% decrease	\$ 589	\$ 696	\$ -

- b) Part of the unlisted equity investment adopts an asset-based approach to evaluate the total value of the individual asset and individual liabilities of the target to reflect the total value of the company or business. The major unobservable input value is listed as follows. When the liquidity discount lessens, it implies the fair value of the investment will increase.

	June 30, 2023	December 31, 2022	June 30, 2022
Discount for lack of marketability	20%	20%	20%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Discount for lack of marketability			
1% increase	(\$ 104)	(\$ 86)	(\$ 75)
1% decrease	\$ 104	\$ 86	\$ 75

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 60,414	\$ 65,829	\$ 66,651
Financial assets at amortized cost (Note 1)	711,821	828,872	934,952
<u>Financial liabilities</u>			
FVTPL			
Measured at amortized cost (Note 2)	224,435	398,807	422,784

Note 1 : The balances include financial assets at amortized cost, which comprise cash and cash equivalents, pledged deposits, notes receivable and accounts receivable (including from related parties), other receivables and refundable deposits.

Note 2 : The balances include financial liabilities at amortized cost, which comprise short-term loans, notes payable, accounts payable (including from related parties), other payables (including from related parties) and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's key management personnel, that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks and the manner in which these risks are managed and measured.

a) Foreign currency risk

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Company was mainly exposed to the USD, CNY, EUR and JPY.

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A positive number below indicates an increase in pre-tax profit with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact		CNY Impact	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Profit or loss	\$ 1,524	\$ 2,182	\$ 226	\$ 153

	EUR Impact		JPY Impact	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Profit or loss	\$ 3,100	\$ 6,239	\$ 20	(\$ 5)

b) Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 6,200	\$ 56,872	\$ 6,200
Financial liabilities	126,838	180,682	134,136
Cash flow interest rate risk			
Financial assets	365,136	278,944	450,883

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by NT\$183 thousand and NT\$225 thousand, respectively, which was mainly a result of variable-rate of assets.

c) Other price risk

The Company was exposed to price risk through equity investments. Equity investments are held for strategic rather than for trading purposes, the Company does not actively trade these investments. The Company's price risk is mainly concentrated in equity investment in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2023 and 2022 would have increased/decreased by NT\$3,021 thousand and NT\$3,333 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparties to discharge its obligation by the Company, comes from the carrying amounts of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company transacted with a large number of customers from various industries and geographical locations. The Company continuously assesses the financial positions of customers.

The Company's credit risk is mainly concentrated in the Company's top three customers, as of June 30, 2023, December 31, 2022 and June 30 2022, the total accounts receivable from the aforementioned customer's ratio of 80% , 79% and 83%, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

June 30, 2023

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,376	\$ 31,696	\$ 137,944
Notes payable	38,368	-	-
Accounts payable	125,838	-	-
Dividends payable	139,930	-	-
Other payables	<u>135,684</u>	<u>-</u>	<u>-</u>
	<u>\$ 451,196</u>	<u>\$ 31,696</u>	<u>\$ 137,944</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than		5-10	10-15	15-20	
	1 Year	1-5 Years	Years	Years	Years	20+ Years
Lease liabilities	<u>\$11,376</u>	<u>\$31,696</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$ 49,894</u>

December 31, 2022

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,541	\$ 34,228	\$ 140,879
Notes payable	63,225	-	-
Accounts payable	226,460	-	-
Other payables	142,968	-	-
Fixed interest rate liabilities	<u>50,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 494,194</u>	<u>\$ 34,228</u>	<u>\$ 140,879</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than		5-10	10-15	15-20	
	1 Year	1-5 Years	Years	Years	Years	20+ Years
Fixed interest rate liabilities	\$50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>11,541</u>	<u>34,228</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>52,829</u>
	<u>\$61,541</u>	<u>\$34,228</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$52,829</u>

June 30, 2022

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 11,402	\$ 36,724	\$ 143,813
Notes payable	68,455	-	-
Accounts payable	294,292	-	-
Dividends payable	129,935	-	-
Other payables	<u>139,830</u>	<u>-</u>	<u>-</u>
	<u>\$ 643,914</u>	<u>\$ 36,724</u>	<u>\$ 143,813</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than		5-10	10-15	15-20	
	1 Year	1-5 Years	Years	Years	Years	20+ Years
Lease liabilities	<u>\$ 11,402</u>	<u>\$36,724</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$55,763</u>

b) Financing facilities

	June 30,	December 31,	June 30,
	2023	2022	2022
Uncollateralized Bank loan facilities			
Amount used	\$ -	\$ 50,000	\$ -
Amount unused	<u>586,840</u>	<u>587,810</u>	<u>626,920</u>
	<u>\$ 586,840</u>	<u>\$ 637,810</u>	<u>\$ 626,920</u>
	June 30,	December 31,	June 30,
	2023	2022	2022
Collateralized Bank loan facilities			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>93,420</u>	<u>92,130</u>	<u>89,160</u>
	<u>\$ 93,420</u>	<u>\$ 92,130</u>	<u>\$ 89,160</u>

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between APEX and its subsidiaries, which are related parties of APEX, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Company and related parties are disclosed as below.

a. Related party name and category

Related Party Name	Relationship with the Company
METERTECH INC.	Others

b. Sales of goods

Line Item	Related Party Category/Name	For the Three Months Ended		For the Six Months Ended	
		June 30		June 30	
		2023	2022	2023	2022
Sales	Others	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 85</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended		For the Six Months Ended	
		June 30		June 30	
		2023	2022	2023	2022
Cost of goods sold	Others	<u>\$ 2,072</u>	<u>\$ 411</u>	<u>\$ 3,346</u>	<u>\$ 1,807</u>

The Company has no comparable counterparties to compare with the sales and purchase prices of related parties. The payment terms for sales and purchases of related parties and non-related parties were 30 to 120 days after monthly closing or after receiving the goods.

d. Receivables from related parties

Line Item	Related Party Category/Name	June 30,	December 31,	June 30,
		2023	2022	2022
Notes receivable and accounts receivable	Others	<u>\$ 64</u>	<u>\$ 64</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party		June 30, 2023	December 31, 2022	June 30, 2022
	Category/	Name			
Accounts payable	Others		\$ -	\$ 2,035	\$ -
Other payables	Others		\$ -	\$ -	\$ 3

The outstanding accounts payable from related parties are unsecured and will be settled in cash.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended		For the Six Months Ended	
		June 30		June 30	
		2023	2022	2023	2022
Operating expenses	Others	\$ -	\$ 6	\$ 6	\$ 67

The Company has no comparable counterparties to compare with the operating expenses of related parties.

g. Compensation of key management personnel

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2023	2022	2023	2022
Short-term benefits	\$ 4,375	\$ 4,482	\$ 9,069	\$ 9,276
Post-employment benefits	73	70	127	123
	\$ 4,448	\$ 4,552	\$ 9,196	\$ 9,399

The remuneration of directors and other key executives, were determined by the remuneration committee, based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as guarantee for land lease to the Hsinchu Science Park Bureau.

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits (classified as financial assets at amortized cost)	\$ 6,200	\$ 6,200	\$ 6,200

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,193	31.140(USD:NTD)	\$ 192,850
USD	20	7.226(USD:CNY)	619
EUR	9,168	33.810	309,970
CNY	5,270	4.282	22,566
JPY	13,034	0.2150	<u>2,802</u>
			<u>\$ 528,807</u>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 1,318	31.140	\$ 41,043
JPY	3,746	0.2150	805
GBP	3	39.380	<u>118</u>
			<u>\$ 41,966</u>

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,598	30.710(USD:NTD)	\$ 356,175
USD	20	6.983 (USD:CNY)	614
EUR	12,826	32.720	419,667
CNY	4,427	4.408	19,514
JPY	7,112	0.2324	<u>1,653</u>
			<u>\$ 797,623</u>

Financial liabilities

Monetary items			
USD	2,428	30.710	\$ 74,564
GBP	81	37.090	3,004
JPY	6,830	0.2324	<u>1,587</u>
			<u>\$ 79,155</u>

June 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,764	29.720(USD:NTD)	\$ 290,186
USD	20	6.711(USD:CNY)	596
CNY	3,852	4.439	17,099
EUR	20,094	31.050	623,919
JPY	3,320	0.2182	<u>724</u>
			<u>\$ 932,524</u>

Financial liabilities

Monetary items			
USD	2,442	29.720	\$ 72,576
JPY	5,780	0.2182	1,261
CNY	402	4.439	<u>1,784</u>
			<u>\$ 75,621</u>

The significant unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended June 30				
2023			2022	
Foreign	Net Foreign		Net Foreign	
Currency	Exchange Rate	Exchange Gains (Losses)	Exchange Rate	Exchange Gains (Losses)
USD	31.140 (USD : NTD)	\$ 2,105	29.720 (USD : NTD)	(\$ 697)
EUR	33.810 (EUR : NTD)	(2,869)	31.050 (EUR : NTD)	(6,407)
CNY	4.2820 (CNY : NTD)	(285)	4.439 (CNY : NTD)	(253)
JPY	0.2150 (JPY : NTD)	23	0.2182 (JPY : NTD)	18
GBP	39.380 (GBP : NTD)	(4)	36.070 (GBP : NTD)	23
CHF	34.595 (CHF : NTD)	22	31.115 (CHF : NTD)	(28)
		(\$ 1,008)		(\$ 7,344)

For the Six Months Ended June 30				
2023			2022	
Foreign	Net Foreign		Net Foreign	
Currency	Exchange Rate	Exchange Gains (Losses)	Exchange Rate	Exchange Gains (Losses)
USD	31.140 (USD : NTD)	\$ 1,960	29.720 (USD : NTD)	\$ 2,181
EUR	33.810 (EUR : NTD)	4,704	31.050 (EUR : NTD)	(310)
CNY	4.2820 (CNY : NTD)	(217)	4.439 (CNY : NTD)	123
JPY	0.2150 (JPY : NTD)	57	0.2182 (JPY : NTD)	66
GBP	39.380 (GBP : NTD)	(4)	36.070 (GBP : NTD)	23
CHF	34.595 (CHF : NTD)	26	31.115 (CHF : NTD)	-
		\$ 6,526		\$ 2,083

32. SEPARATELY DISCLOSED ITEMS

Except for items (a) to (g), there are no other significant transactions, information on investees and information on investment in mainland China that should be disclosed.

a. Financing provided to others

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)																
No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	APEX	Omnis	Other receivables - related parties	Yes	\$ 62,280 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$522,213	\$696,284
		Omnis	Other receivables - related parties	Yes	\$ 62,280 (USD2,000 thousand)	\$ 62,800 (USD2,000 thousand)	40,482 (USD1,300 thousand)	4.3%~4.86%	The need for short-term financing	-	Operating capital	-	-	-	\$522,213	\$696,284

Note 1 : Financing limit for each borrower which APEX directly or indirectly owns more than 20% of its voting shares, shall not exceed 30% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate financing limit shall not exceed 40% of APEX's net equity as stated in latest financial statements.

b. Endorsements/guarantees provided

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	APEX	Omnis	Subsidiary	\$ 348,142	\$ 77,850 (USD 2,500 thousand)	\$ 77,850 (USD 2,500 thousand)	\$ - (USD - thousand)	\$ 77,850	4.47	\$ 870,355	Yes	No	No

Note 1 : Limit on endorsements/guarantees given on behalf of each party shall not exceed 20% of APEX's net equity as stated in latest financial statements.

Note 2 : The aggregate endorsements/guarantees limit shall less than 50% of APEX's net equity as stated in latest financial statements.

c. Marketable securities held

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
APEX	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,030,286	\$ 52,056	12	\$ 52,056
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	8,358	2	8,358
	H2 INC.	—	FVTPL- current	899,646	-	1	-
	Shares : Shieh-tai Biochemical Technology Co., Ltd.	—	FVTPL- current	372,000	-	1	-

Note : The marketable securities listed above were not pledged, guarantees or otherwise restricted by contract as of June 30, 2023.

d. Intercompany relationships and significant transactions

For the Six Months Ended June 30, 2023

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms (Note 2)	% to Total Revenues or Assets
0	APEX	APEX(Suzhou)	1	Sales	\$ 8,370	—	0.98%
				Net receivable from related parties	8,152	—	0.34%
				Purchase	1,004	—	0.12%
		Omnis	1	Sales	25,797	—	3.02%
				Net receivable from related parties	23,602	—	0.99%
				Interest revenue	919	—	0.11%
1	APEX(Suzhou)	Omnis	2	Other receivables from related parties	41,090	—	1.72%
				Sales	5,295	—	0.62%

Note 1 : The transactions from the parent company to the subsidiary are denoted as 1. The transactions between two subsidiaries are denoted as 2.

Note 2 : The Company has no comparable counterparties to compare with the sales prices of subsidiaries. The payment terms for sales with subsidiaries were 120 to 150 days after monthly closing.

e. Information on investees

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				June 30, 2023	December 31, 2022	Shares/Units	(%)	Carrying Amount		
APEX	Omnis	USA	Wholesale of medical consumable and medical equipment	\$ 526,613	\$ 526,613	70,312,094	99	\$ 45,996	\$1,450	\$ 1,434

f. Information on investment in mainland china

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flow		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (CNY 7,000 thousand)	(Note 1)	\$ 33,975 (CNY 6,700 thousand)	\$ -	\$ -	\$ 33,975 (CNY 6,700 thousand)	\$1,750	96%	\$1,675	\$3,528	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (CNY 6,700 thousand)	\$33,975 (CNY 6,700 thousand)	\$1,044,427

Note 1 : Direct investment in mainland China.

Note 2 : The amount was recognized based on the unreviewed financial statements of the investee company.

g. Information of major shareholders

Name of shareholders with ownership of 5% or greater, amount and proportion of shareholding.

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yen Shih Shen	9,744,579	9.74%

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of product. Each product has similar economic characteristics and sales through the centralized sales approach, thus, the Company aggregated into a one operating segment. The segment information presented to the chief operating decision maker are consistent with the information in the financial statements. The segment revenues and operating results for the six months ended June 30, 2023 and 2022 are shown in the comprehensive income statements for the six months ended June 30, 2023 and 2022. The segment assets as of June 30, 2023, December 31, 2022 and June 30, 2022 are shown in the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022.