

**Apex Biotechnology Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' 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.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Apex Biotechnology Corporation as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Apex Biotechnology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

APEX BIOTECHNOLOGY CORPORATION

By

Yen Shih Shen
Chairman

March 13, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Apex Biotechnology Corporation

Opinion

We have audited the accompanying consolidated financial statements of Apex Biotechnology Corporation and its subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Revenue Recognition

For the year ended December 31, 2023, the net operating revenue was NT\$1,676,537 thousand, refer to notes 4 and 22 to the consolidated financial statements for the details of accounting policies and the related information about the recognition of revenue. Revenue is recognized as presumed risk based on Auditing Standards. Because the Company's customers were relatively stable, for customers whose transaction amount and gross margin change over the two years are obviously abnormal, recognition of their revenue was identified as a key audit matter.

We have performed the major audit procedures as follows:

1. Understand and examine the key internal control design of the sales revenue procedures and its execution effectiveness.
2. Examine sales revenue transactions. Extract samples from the bookkeeping records concerning the receipt and payment collection to ensure the correctness of sales revenue recognition for auditing purpose.

Other Matter

We have also audited the parent company only financial statements of Apex Biotechnology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards(IFRS), International Accounting

Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 Company 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 that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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 Ya Yun Chang and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

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

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
ASSETS	Note	Amount	%	Amount	%	LIABILITIES AND EQUITY	Note	Amount	%	Amount	%
Current assets						Current liabilities					
Cash and cash equivalents	4,6	\$ 382,046	17	\$ 331,705	13	Short-term loans	16	\$ 30,000	1	\$ 50,000	2
Financial assets at fair value through profit or loss - current	4,7	61,868	3	65,829	3	Contract liabilities-current	4,22	6,595	-	29,043	1
Notes and accounts receivable, net	4,9,22,29	288,390	13	486,769	19	Notes payable	17	27,435	1	63,225	3
Other receivables	9	5,717	-	10,117	1	Accounts payable	17,29	128,782	6	226,460	9
Inventories	4,5,10	747,714	32	739,252	29	Other payables	18	123,721	6	142,968	6
Other current assets	15	<u>20,906</u>	<u>1</u>	<u>20,806</u>	<u>1</u>	Current tax liabilities	4,24	46,237	2	36,915	2
Total current assets		<u>1,506,641</u>	<u>66</u>	<u>1,654,478</u>	<u>66</u>	Current provisions	19	10,099	1	10,901	-
						Lease liabilities-current	4,13	7,200	-	8,014	-
						Other current liabilities	18	<u>3,285</u>	<u>-</u>	<u>3,026</u>	<u>-</u>
						Total current liabilities		<u>383,354</u>	<u>17</u>	<u>570,552</u>	<u>23</u>
Non-current assets						Non-current liabilities					
Financial assets at amortized cost - non-current	4,8,30	6,200	-	6,200	-	Deferred tax liabilities	4,24	43	-	3,103	-
Property, plant and equipment	4,12	604,355	26	641,370	26	Lease liabilities - non-current	4,13	116,196	5	122,668	5
Right-of-use assets	4,13	116,234	5	124,709	5	Guarantee deposits received		<u>477</u>	<u>-</u>	<u>485</u>	<u>-</u>
Intangible assets	4,5,14	44,219	2	69,141	3	Total non-current liabilities		<u>116,716</u>	<u>5</u>	<u>126,256</u>	<u>5</u>
Deferred tax assets	4,24	4,239	-	3,620	-						
Prepayments for business facilities		2,410	-	4,917	-	Total liabilities		<u>500,070</u>	<u>22</u>	<u>696,808</u>	<u>28</u>
Refundable deposits		4,130	-	4,109	-						
Net defined benefit asset, non-current	4,20	<u>8,576</u>	<u>1</u>	<u>6,157</u>	<u>-</u>	Equity attributable to shareholders of the parent	4,21				
Total non-current assets		<u>790,363</u>	<u>34</u>	<u>860,223</u>	<u>34</u>	Share capital		<u>999,502</u>	<u>44</u>	<u>999,502</u>	<u>40</u>
						Capital surplus		<u>68,368</u>	<u>3</u>	<u>68,368</u>	<u>3</u>
						Retained earnings					
						Legal reserve		516,208	22	497,454	20
						Unappropriated earnings		<u>202,665</u>	<u>9</u>	<u>242,493</u>	<u>9</u>
						Total retained earnings		<u>718,873</u>	<u>31</u>	<u>739,947</u>	<u>29</u>
						Other equity		<u>9,691</u>	<u>-</u>	<u>9,507</u>	<u>-</u>
						Equity attributable to shareholders of the parent		1,796,434	78	1,817,324	72
						Non-controlling interests	21	<u>500</u>	<u>-</u>	<u>569</u>	<u>-</u>
						Total equity		<u>1,796,934</u>	<u>78</u>	<u>1,817,893</u>	<u>72</u>
Total assets		<u>\$ 2,297,004</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>	Total liabilities and equity		<u>\$ 2,297,004</u>	<u>100</u>	<u>\$ 2,514,701</u>	<u>100</u>

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

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

		<u>2023</u>		<u>2022</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET OPERATING REVENUE	4,22,29	\$ 1,676,537	100	\$ 2,244,176	100
OPERATING COSTS	4,10,23,29	<u>1,145,421</u>	<u>69</u>	<u>1,667,337</u>	<u>74</u>
GROSS PROFIT		<u>531,116</u>	<u>31</u>	<u>576,839</u>	<u>26</u>
OPERATING EXPENSES	9,23,29				
Selling and marketing expenses		104,269	6	116,054	5
General and administrative expenses		119,989	7	118,777	5
Research and development expenses		163,325	10	165,448	8
Impairment gain determined in accordance with IFRS 9		<u>1,817</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses		<u>389,400</u>	<u>23</u>	<u>400,279</u>	<u>18</u>
INCOME FROM OPERATIONS		<u>141,716</u>	<u>8</u>	<u>176,560</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES					
Interest income	23	1,782	-	577	-
Other income	4,23,26	4,383	-	2,600	-
Other gains and losses	4,5,23	(2,531)	-	25,236	1
Finance costs	23	(4,388)	-	(5,398)	-
Total non-operating income and expenses		<u>(754)</u>	<u>-</u>	<u>23,015</u>	<u>1</u>
INCOME BEFORE INCOME TAX		140,962	8	199,575	9
INCOME TAX EXPENSE	4,24	<u>25,248</u>	<u>1</u>	<u>18,124</u>	<u>1</u>
NET INCOME		<u>115,714</u>	<u>7</u>	<u>181,451</u>	<u>8</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

		<u>2023</u>		<u>2022</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME	4,20,21				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		\$ 3,073	-	\$ 5,753	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>184</u>	<u>-</u>	<u>7,068</u>	<u>1</u>
Other comprehensive income for the year, net of income tax		<u>3,257</u>	<u>-</u>	<u>12,821</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 118,971</u>	<u>7</u>	<u>\$ 194,272</u>	<u>9</u>
NET INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 115,783	7	\$ 181,785	8
Non-controlling interests		(69)	-	(334)	-
		<u>\$ 115,714</u>	<u>7</u>	<u>\$ 181,451</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
Shareholders of the parent		\$ 119,040	7	\$ 194,527	9
Non-controlling interests		(69)	-	(255)	-
		<u>\$ 118,971</u>	<u>7</u>	<u>\$ 194,272</u>	<u>9</u>
EARNINGS PER SHARE	25				
Basic		<u>\$ 1.16</u>		<u>\$ 1.82</u>	
Diluted		<u>\$ 1.15</u>		<u>\$ 1.81</u>	

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

(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		Non-controlling	
	(In thousands)	Amount	Capital Surplus	Legal Reserve	Earnings	Differences on	Total	Interests	Total Equity
						Translation of			
						Foreign			
						Operations			
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 -\$1.30 per share	-	-	-	-	(129,935)	-	(129,935)	-	(129,935)
Net income (loss) in 2022	-	-	-	-	181,785	-	181,785	(334)	181,451
Other comprehensive income (loss) in 2022, net of Income tax	-	-	-	-	5,753	6,989	12,742	(79)	12,821
Total comprehensive income (loss) in 2022	-	-	-	-	187,538	6,989	194,527	(255)	194,272
BALANCE AT DECEMBER 31, 2022	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 (loss) in 2023	-	-	-	-	115,783	-	115,783	(69)	115,714
Other comprehensive income (loss) in 2023, net of Income tax	-	-	-	-	3,073	184	3,257	-	3,257
Total comprehensive income (loss) in 2023	-	-	-	-	118,856	184	119,040	(69)	118,971
BALANCE AT DECEMBER 31, 2023	99,950	\$ 999,502	\$ 68,368	\$ 516,208	\$ 202,665	\$ 9,691	\$ 1,796,434	\$ 500	\$ 1,796,934

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

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 140,962	\$ 199,575
Adjustments for:		
Depreciation expense	65,153	69,623
Amortization expense	10,557	24,477
Expected credit loss	1,817	-
Net loss on financial assets at fair value through profit or loss	3,961	4,590
Finance costs	4,388	5,398
Interest income	(1,782)	(577)
Dividend income	(1,421)	(575)
Property, plant and equipment transferred to expenses	223	855
Impairment loss on non-financial assets	9,500	6,000
Impairment loss on intangible assets	17,778	24,887
Unrealized foreign exchange gain	(5,192)	(40,308)
Changes in operating assets and liabilities		
Notes receivable and accounts receivable	188,867	(1,380)
Other receivables	4,369	3,885
Inventories	(17,962)	(116,667)
Other current assets	(100)	(9,167)
Contract liabilities	(22,448)	(64,017)
Notes payable	(35,790)	4,492
Accounts payable	(96,221)	(59,508)
Other payables	(16,330)	1,353
Provisions	(802)	1,151
Other current liabilities	259	137
Net defined benefit assets	<u>654</u>	<u>710</u>
Cash generated from operations	250,440	54,934
Interest received	1,813	547
Dividend received	1,421	575
Interest paid	(4,388)	(5,398)
Income taxes paid	<u>(18,895)</u>	<u>(24,042)</u>

(Continued)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Net cash generated from operating activities	\$ 230,391	\$ 26,616
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	(21,914)	(36,126)
Increase in refundable deposits	(25)	(7)
Acquisition of intangible assets	(3,065)	(4,074)
Decrease (Increase) in prepayments for business facilities	2,507	(455)
Net cash used in investing activities	(22,497)	(41,366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	281,155	964,610
Decrease in short-term loans	(301,155)	(1,064,610)
Increase (Decrease) in guarantee deposits received	(16)	13
Payments of lease liabilities	(8,195)	(7,680)
Cash dividends paid	(139,930)	(129,935)
Net cash used in financing activities	(168,141)	(237,602)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>10,588</u>	<u>28,723</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	50,341	(223,629)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>331,705</u>	<u>555,334</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 382,046</u>	<u>\$ 331,705</u>

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

(Concluded)

APEX BIOTECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 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 by the Company’s board of directors and authorized for issue on March 13, 2024.

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, “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 amendments provide some transition relief regarding disclosure requirements.

- 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 exist 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, which may have difficulty complying with the covenants and repaying 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, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an 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 has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025(Note 2) (Concluded)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. 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).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, may be initially measured at fair value. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of APEX and its foreign operations (including subsidiaries in other countries that are prepared using functional currencies which are different from the currency of APEX) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of APEX and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials, supplies, work in process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated

useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally-generated intangible assets - research and development expenditure

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they

are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends are recognized in other income, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments

ii. Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, pledged deposits, notes and accounts receivable (including from related parties) at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of APEX's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of APEX's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of biochemical testing instruments and its detection strips. Sales of biochemical testing instruments and its detection strips are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the development services.

As the Company provides project development services, the related revenue is recognized when services are rendered.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

All leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as an employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits

against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations when making its critical accounting estimates on cash flow projections, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Write-down of inventory

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Impairment of intangible assets - customer relationships and trademarks

Determining whether customer relationships and trademarks are impaired requires an estimation of the value in use of the cash-generating units to which customer relationships and trademarks have been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The Company recognized impairment loss of NT\$ 17,778 thousand and NT\$24,887 thousand for the year ended December 31, 2023 and 2022, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 236	\$ 2,081
Checking accounts and demand deposits	381,810	278,952
Cash equivalents		
Time deposits with original maturities of less than 3 months	-	50,672
	<u>\$ 382,046</u>	<u>\$ 331,705</u>

The market rate intervals of cash in banks at the end of the year were as follows:

	December 31	
	2023	2022
Cash in banks	0.01% ~ 1.45%	0.01% ~ 3.25%
Time deposit	-	3.96% ~ 4.00%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets at FVTPL -current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	\$ 52,080	\$ 58,919
Domestic unlisted shares	<u>9,788</u>	<u>6,910</u>
	<u>\$ 61,868</u>	<u>\$ 65,829</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

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

- a. The interest rates for time deposits with original maturities of more than 3 months were both 0.790%~1.065% per annum as of December 31,2023 and 2022.
- b. 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

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 4,596	\$ 5,151

Accounts receivable

At amortized cost

Gross carrying amount	285,617	481,650
Less: Allowance for impairment loss	(1,823)	(32)
	283,794	481,618
	\$ 288,390	\$ 486,769

Other receivables

Tax receivable	\$ 5,677	\$ 10,028
Others	40	89
	\$ 5,717	\$ 10,117

Accounts receivable

The average credit period of sales of goods is 15 days to 150 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.

December 31, 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	\$257,195	\$ 26,855	\$ 1,562	\$ 5	\$ -	\$285,617
Loss allowance						
(Lifetime ECLs)	<u>(1)</u>	<u>(259)</u>	<u>(1,558)</u>	<u>(5)</u>	<u>-</u>	<u>(1,823)</u>
Amortized cost	<u>\$257,194</u>	<u>\$ 26,596</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$283,794</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)	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>(14)</u>	<u>-</u>	<u>(32)</u>
Amortized cost	<u>\$372,592</u>	<u>\$ 61,370</u>	<u>\$ 47,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$481,618</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 32	\$ 29
Less: Net remeasurement of loss allowance	1,817	-
Foreign exchange gains and losses	<u>(26)</u>	<u>3</u>
Balance at December 31	<u><u>\$ 1,823</u></u>	<u><u>\$ 32</u></u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 124,158	\$ 94,737
Work in progress	280,913	293,973
Raw materials	<u>342,643</u>	<u>350,542</u>
	<u><u>\$ 747,714</u></u>	<u><u>\$ 739,252</u></u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were NT\$1,145,421 thousand and NT\$1,667,337 thousand, respectively. The cost of goods sold included inventory write-downs \$9,500 thousand and \$6,000 thousand, for 2023 and 2022 respectively.

11. SUBSIDIARIES

The consolidated financial statements include subsidiaries which are as follows:

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

12. PROPERTY, PLANT AND EQUIPMENT

								Equipment	
								under	
	Land	Buildings	Machinery Equipment	Testing Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	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	-	-	3,360	1,678	1,799	457	2,893	8,789	18,976
Disposals	-	-	(2,804)	(290)	(1,857)	(577)	(856)	(223)	(6,607)
Reclassification	-	-	5,797	2,393	757	-	843	(9,790)	-
Effects of exchange rate changes	-	-	1	-	-	3	(16)	-	(12)
Balance at December 31, 2023	<u>\$ 261,675</u>	<u>\$ 604,129</u>	<u>\$ 512,919</u>	<u>\$ 42,610</u>	<u>\$ 3,654</u>	<u>\$ 20,035</u>	<u>\$ 200,809</u>	<u>\$ 9,682</u>	<u>\$1,655,513</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	-	22,999	15,192	3,867	341	1,350	12,021	-	55,770
Disposals	-	-	(2,804)	(290)	(1,857)	(577)	(856)	-	(6,384)
Effects of exchange rate changes	-	-	(4)	-	-	3	(13)	-	(14)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 360,247</u>	<u>\$ 458,122</u>	<u>\$ 29,539</u>	<u>\$ 916</u>	<u>\$ 16,960</u>	<u>\$ 185,374</u>	<u>\$ -</u>	<u>\$1,051,158</u>
Carrying amount at December 31, 2023	<u>\$ 261,675</u>	<u>\$ 243,882</u>	<u>\$ 54,797</u>	<u>\$ 13,071</u>	<u>\$ 2,738</u>	<u>\$ 3,075</u>	<u>\$ 15,435</u>	<u>\$ 9,682</u>	<u>\$ 604,355</u>
<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	-	1,671	10,425	-	614	1,239	2,066	22,434	38,476
Disposals	-	-	(11,753)	-	-	(353)	(465)	(855)	(13,426)
Reclassification	-	503	18,637	583	-	-	1,002	(20,725)	-
Effects of exchange rate changes	-	-	150	-	-	68	12	-	230
Balance at December 31, 2022	<u>\$ 261,675</u>	<u>\$ 604,129</u>	<u>\$ 506,565</u>	<u>\$ 38,829</u>	<u>\$ 2,955</u>	<u>\$ 20,152</u>	<u>\$ 197,945</u>	<u>\$ 10,906</u>	<u>\$1,643,156</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	-	25,627	14,725	4,142	125	1,553	14,259	-	60,431
Disposals	-	-	(11,753)	-	-	(353)	(465)	-	(12,571)
Effects of exchange rate changes	-	-	15	-	-	57	7	-	79
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 337,248</u>	<u>\$ 445,738</u>	<u>\$ 25,962</u>	<u>\$ 2,432</u>	<u>\$ 16,184</u>	<u>\$ 174,222</u>	<u>\$ -</u>	<u>\$1,001,786</u>
Carrying amount at December 31, 2022	<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>

The Company's property, plant and equipment are all for self-use.
No impairment loss recognized or reversed for the years ended December 31, 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

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 105,290	\$ 109,050
Buildings	10,561	13,894
Transportation equipment	275	1,100
Office equipment	<u>108</u>	<u>665</u>
	<u>\$ 116,234</u>	<u>\$ 124,709</u>

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 886</u>	<u>\$ 2,370</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,760	\$ 3,755
Buildings	4,241	4,029
Transportation equipment	825	851
Office equipment	<u>557</u>	<u>557</u>
	<u>\$ 9,383</u>	<u>\$ 9,192</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 years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ <u>7,200</u>	\$ <u>8,014</u>
Non-current	\$ <u>116,196</u>	\$ <u>122,668</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.93%	2.93%
Buildings	0.86%-3.85%	0.86%-3.85%
Transportation equipment	5.69%	5.69%
Office equipment	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 2~33 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ <u>2,223</u>	\$ <u>2,505</u>
Total cash outflow for leases	\$ <u>(13,953)</u>	\$ <u>(13,887)</u>

The Company leases certain office buildings and equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Customer				
	Software	Trademarks	Patents	Relationship	Total
<u>Cost</u>					
Balance at January 1, 2023	\$ 22,892	\$ 151,726	\$ 27,281	\$ 98,886	\$ 300,785
Additions	1,701	402	962	-	3,065
Disposals	(5,375)	-	-	-	(5,375)
Effects of exchange rate changes	77	(24)	-	(16)	37
Balance at December 31, 2023	<u>\$ 19,295</u>	<u>\$ 152,104</u>	<u>\$ 28,243</u>	<u>\$ 98,870</u>	<u>\$ 298,512</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2023	\$ 17,652	\$ 102,723	\$ 12,383	\$ 98,886	\$ 231,644
Amortization expenses	1,524	7,274	1,759	-	10,557
Disposals	(5,375)	-	-	-	(5,375)
Impairment losses recognized	-	17,778	-	-	17,778
Effects of exchange rate changes	77	(372)	-	(16)	(311)
Balance at December 31, 2023	<u>\$ 13,878</u>	<u>\$ 127,403</u>	<u>\$ 14,142</u>	<u>\$ 98,870</u>	<u>\$ 254,293</u>
Carrying amounts at December 31, 2023	<u>\$ 5,417</u>	<u>\$ 24,701</u>	<u>\$ 14,101</u>	<u>\$ -</u>	<u>\$ 44,219</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 19,302	\$ 137,024	\$ 26,581	\$ 89,129	\$ 272,036
Additions	3,213	161	700	-	4,074
Disposals	(157)	-	-	-	(157)
Effects of exchange rate changes	534	14,541	-	9,757	24,832
Balance at December 31, 2022	<u>\$ 22,892</u>	<u>\$ 151,726</u>	<u>\$ 27,281</u>	<u>\$ 98,886</u>	<u>\$ 300,785</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2022	\$ 15,886	\$ 73,308	\$ 10,698	\$ 65,666	\$ 165,558
Amortization expenses	1,390	8,769	1,685	12,633	24,477
Disposals	(1,57)	-	-	-	(157)
Impairment losses recognized	-	12,255	-	12,632	(24,887)
Effects of exchange rate changes	533	8,391	-	7,955	16,879
Balance at December 31, 2022	<u>\$ 17,652</u>	<u>\$ 102,723</u>	<u>\$ 12,383</u>	<u>\$ 98,886</u>	<u>\$ 254,644</u>
Carrying amounts at December 31, 2022	<u>\$ 5,240</u>	<u>\$ 49,003</u>	<u>\$ 14,898</u>	<u>\$ -</u>	<u>\$ 69,141</u>

The customer relationship and the trademarks mainly come from the expected benefits of operating revenue growth in the America from Omnis. As some of customers purchase from the competitors, some customers purchase in decrease due to unsuccessful request price reduction, and given the discount offer to specific customers for the market competition, etc., led to the actual operating revenue's growth not as expected. Based on the revised estimation in 2023 and 2022, the collectable amount of Omnis was less than the carrying amount, thus the recognized impairment loss of NT\$17,778 thousand and NT\$ 24,887 thousand respectively.

The collectable amount of Omnis is determined based on the "value in use". The key assumption of the value in use included discount rate, the expected operating revenue, gross profit and net income after tax. Such assumption is referenced from the past operating status of the cash-generating unit and the forecast of the market from the management.

The estimation of the cashflow is based on 6-years and 7-years financial budget in 2023 and 2022, respectively, granted by the managerial of the Company, calculated with the annual discount rate of 11.8% and 13%, respectively.

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

	December 31	
	2023	2022
Prepayments (Note)	\$ 18,508	\$ 18,998
Others	<u>2,398</u>	<u>1,808</u>
	<u>\$ 20,906</u>	<u>\$ 20,806</u>

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

16. BORROWINGS

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

The interest rate on bank borrowing were 1.85% and 1.70% at December 31, 2023 and 2022, respectively.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 27,435	\$ 63,225
<u>Accounts payable</u>		
Operating	\$ 128,782	\$ 226,460

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

	December 31	
	2023	2022
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 58,068	\$ 66,970
Payables for employees' compensation and remuneration of directors	12,237	17,361
Payables for purchases of equipment	386	3,324
Others (Note)	53,030	55,313
	<u>\$ 123,721</u>	<u>\$ 142,968</u>
<u>Other liabilities</u>		
Receipts under custody	\$ 3,285	\$ 3,026

Note: The Others item refers to the payable for consumable expenses, utility bills and cleaning fees, etc. incurred by the Company due to operations.

19. PROVISIONS

	December 31	
	2023	2022
<u>Current</u>		
Employee benefits (Note)	\$ 10,099	\$ 10,901

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

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

APEX adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, APEX makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by APEX in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. APEX contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, APEX assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, APEX is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); APEX has no right to influence the investment policy and strategy.

The amounts in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 70,583	\$ 73,533
Fair value of plan assets	(79,159)	(79,690)
Net defined benefit assets	\$ (8,576)	\$ (6,157)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 75,623</u>	<u>(\$ 76,737)</u>	<u>(\$ 1,114)</u>
Service cost			
Current service cost	716	-	716
Net interest expense (income)	<u>454</u>	<u>(460)</u>	<u>(6)</u>
Recognized in profit or loss	<u>1,170</u>	<u>(460)</u>	<u>710</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	<u>(6,065)</u>	<u>(6,065)</u>
Actuarial gain -Change in financial assumptions	<u>(2,518)</u>	-	<u>(2,518)</u>
Actuarial loss -Experience adjustments	<u>2,830</u>	<u>-</u>	<u>2,830</u>
Recognized in other comprehensive income(loss)	<u>312</u>	<u>(6,065)</u>	<u>(5,753)</u>
Benefits paid	<u>(3,572)</u>	<u>3,572</u>	<u>-</u>
Balance at December 31, 2022	<u>73,533</u>	<u>(79,690)</u>	<u>(6,157)</u>
Service cost			
Current service cost	728	-	728
Net interest expense (income)	<u>882</u>	<u>(956)</u>	<u>(74)</u>
Recognized in profit or loss	<u>1,610</u>	<u>(956)</u>	<u>654</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	<u>(739)</u>	<u>(739)</u>
Actuarial gain -Experience adjustments	<u>(2,334)</u>	<u>-</u>	<u>(2,334)</u>
Recognized in other comprehensive income (loss)	<u>(2,334)</u>	<u>(739)</u>	<u>(3,073)</u>
Benefits paid	<u>(2,226)</u>	<u>2,226</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 70,583</u>	<u>(\$ 79,159)</u>	<u>(\$ 8,576)</u>

Through the defined benefit plans under the Labor Standards Act, APEX is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.2%	1.2%
Expected rate of salary increase	3%	3%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.1% increase	<u>\$ (353)</u>	<u>\$ (401)</u>
0.1% decrease	<u>\$ 358</u>	<u>\$ 407</u>
Expected rate of salary increase		
0.1% increase	<u>\$ 306</u>	<u>\$ 351</u>
0.1% decrease	<u>\$ (303)</u>	<u>\$ (347)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	4.9 years	5.4 years

21. EQUITY

a. Ordinary shares

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

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

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Conversion of convertible bonds	\$ 26,570	\$ 26,570
Treasury share transactions	1,592	1,592
Transfer in from shares option due to convertible bonds repayment	40,206	40,206
	<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 Incorporation, 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 Incorporation, 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 Articles of Incorporation, 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 Articles of Incorporation 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 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 appropriations for cash dividends for 2022 was resolved by the Company's board of directors on March 10, 2023; the other proposed appropriations were resolved by the shareholders in their meeting on May 31, 2023. The appropriations for 2021 was resolved by the shareholders in their meeting on May 27, 2022.

The appropriation of earnings for 2023, which were proposed by APEX's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 11,886</u>
Cash dividends	<u>\$ 109,945</u>
Cash dividends per share (NT\$)	\$ 1.1

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on April 30 in 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,507	\$ 2,518
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>184</u>	<u>6,989</u>
Balance at December 31	<u>\$ 9,691</u>	<u>\$ 9,507</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 569	\$ 824
Share in loss for the year	(69)	(334)
Other comprehensive income/(loss) during the year		
Exchange differences on translating the financial statements of foreign entities	<u>-</u>	<u>79</u>
Balance at December 31	<u>\$ 500</u>	<u>\$ 569</u>

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 1,644,070	\$ 2,220,841
Other operating revenue	<u>32,467</u>	<u>23,335</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</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

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 9)	<u>\$ 283,794</u>	<u>\$ 481,618</u>	<u>\$ 467,703</u>
Contract liabilities			
Sale of goods	<u>\$ 6,595</u>	<u>\$ 29,043</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 Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ 25,408	\$ 91,209

c. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
USA	\$ 683,986	\$ 898,352
Italy	537,878	661,249
Austria	142,137	365,422
Taiwan	73,852	93,466
Others	<u>238,684</u>	<u>225,687</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 1,782	\$ 577

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 1,547	\$ 1,323
Dividends	1,421	575
Grant income (Note 26)	110	42
Others	<u>1,305</u>	<u>660</u>
	<u>\$ 4,383</u>	<u>\$ 2,600</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	\$ 18,968	\$ 54,713
Impairment loss	(17,778)	(24,887)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(3,961)	(2,885)
Financial liabilities held for trading	-	(1,705)
Others	<u>240</u>	<u>-</u>
	<u><u>(\$ 2,531)</u></u>	<u><u>\$ 25,236</u></u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 3,535	\$ 3,702
Interest on bank loans	<u>853</u>	<u>1,696</u>
	<u><u>\$ 4,388</u></u>	<u><u>\$ 5,398</u></u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 42,048	\$ 43,565
Operating expenses	<u>23,105</u>	<u>26,058</u>
	<u><u>\$ 65,153</u></u>	<u><u>\$ 69,623</u></u>
An analysis of amortization by function		
Operating costs	\$ 748	\$ 660
Selling and marketing expenses	3,434	17,724
General and administrative expenses	4,111	3,999
Research and development expenses	<u>2,264</u>	<u>2,094</u>
	<u><u>\$ 10,557</u></u>	<u><u>\$ 24,477</u></u>

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 500,426	\$ 555,042
Post-employment benefits		
Defined contribution plan	16,076	16,742
Defined benefit plans (Note 20)	<u>654</u>	<u>710</u>
Total employee benefits expense	<u>\$ 517,156</u>	<u>\$ 572,494</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 293,478	\$ 350,240
Operating expenses	<u>223,678</u>	<u>222,254</u>
	<u>\$ 517,156</u>	<u>\$ 572,494</u>

g. Compensation of employees and remuneration of directors

According to the APEX's Articles of Incorporation, APEX accrues compensation of employees and remuneration of directors at 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 years ended December 31, 2023 and 2022, which were approved by the board of directors on March 13, 2024 and March 10, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	7.00%	7.00%
Remuneration of directors	1.00%	1.00%

Amount

	For the Year Ended December 31			
	2023		2022	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 10,708	\$ -	\$ 15,191	\$ -
Remuneration of directors	1,529	-	2,170	-

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.

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 Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 47,644	\$ 103,971
Foreign exchange losses	<u>(28,676)</u>	<u>(49,258)</u>
	<u>\$ 18,968</u>	<u>\$ 54,713</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 36,193	\$ 42,717
Adjustments for prior years	(7,266)	(21,622)
Deferred tax		
In respect of the current year	(3,679)	(2,967)
Exchange difference on foreign operations	<u>-</u>	<u>(4)</u>
Income tax expense recognized in profit or loss	<u>\$ 25,248</u>	<u>\$ 18,124</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 140,962	\$ 199,575
Income tax expense calculated at the statutory rate	\$ 28,446	\$ 40,184
Non-deductible expenses in determining taxable income	2,776	6,810
Unrecognized deductible temporary differences	1,292	(7,248)
Adjustments for prior years' tax	(7,266)	(21,622)
Income tax expense recognized in profit or loss	\$ 25,248	\$ 18,124

b. Current tax liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ 46,237	\$ 36,915

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	(\$ 3,050)	\$ 4,177	\$ 1,127
Deferred revenue	17	4	21
Unrealized profit (loss) from sales	824	(548)	276
Others	2,726	46	2,772
	<u>\$ 517</u>	<u>\$ 3,679</u>	<u>\$ 4,196</u>

For the year ended December 31, 2022

Deferred Tax Assets (Liabilities)	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized foreign exchange loss (gain)	\$ 1,437	(\$ 4,487)	(\$ 3,050)
Deferred revenue	6	11	17
Unrealized profit (loss) from sales	391	433	824
Others	(4,284)	7,010	2,726
	(\$ 2,450)	\$ 2,967	\$ 517

d. Income tax assessments

APEX's income tax returns through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	\$ 1.16	\$ 1.82
Diluted earnings per share	\$ 1.15	\$ 1.81

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

Net Income for the Year

	For the Year Ended December 31	
	2023	2022
Income for the year attributable to shareholders of the parent	\$ 115,783	\$ 181,785

Number of shares (in thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,950	99,950
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>376</u>	<u>721</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,326</u>	<u>100,671</u>

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 year ended December 31, 2023, the Company obtained the subsidy of NT\$110 thousand from the Ministry of Economy Affairs on Dubai, Thailand and Dusseldorf International Medical Exhibition. The amount has been included in the Other Income item.

For the year ended December 31, 2022, the Company has obtained the subsidy for the Middle aged and Elders stable employment training program from the Department of Labors and the subsidized funding for International Medical Equipment Fair in Singapore with the total amount of NT\$42 thousand. 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 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

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL				
Domestic emerging market				
shares	\$ -	\$ -	\$ 52,080	\$ 52,080
Domestic unlisted shares	-	-	9,788	9,788
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,868</u>	<u>\$ 61,868</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	-	-	6,910	6,910
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,829</u>	<u>\$ 65,829</u>

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

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.

	December 31	
	2023	2022
Discount for lack of marketability	11.10%	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:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (586)	\$ (696)
1% decrease	\$ 586	\$ 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.

	December 31	
	2023	2022
Discount for lack of marketability	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:

	December 31	
	2023	2022
Discount for lack of marketability		
1% increase	\$ (122)	\$ (86)
1% decrease	\$ 122	\$ 86

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 61,868	\$ 65,829
Financial assets at amortized cost (Note 1)	680,806	828,872
 <u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	236,914	398,807

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 management, 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, RMB, 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		RMB Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,400	\$ 2,822	\$ 294	\$ 195

	EUR Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Profit or loss	\$ 2,892	\$ 4,197	\$ 8	\$ 1

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:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 6,200	\$ 56,872
Financial liabilities	153,396	180,682
Cash flow interest rate risk		
Financial assets	381,802	278,944

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 year. For floating rate assets, the analysis was prepared assuming the amount of each liability outstanding at the end of the year 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 years ended December 31, 2023 and 2022 would have increased/decreased by NT\$382 thousand and NT\$279 thousand, respectively, which was mainly a result of variable-rate of net 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 year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$3,093 thousand and NT\$3,291 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 year, 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 December 31, 2023 and 2022, the total accounts receivable from the aforementioned customer's ratio of 74% and 79%, 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.

December 31, 2023

	Less than		
	1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>			
Lease liabilities	\$ 10,549	\$ 30,306	\$ 135,009
Notes payable	27,435	-	-
Accounts payable	128,782	-	-
Other payables	123,721	-	-
Fixed interest rate liabilities	<u>30,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 320,487</u>	<u>\$ 30,306</u>	<u>\$ 135,009</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	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -
Lease liabilities	<u>10,549</u>	<u>30,306</u>	<u>29,350</u>	<u>29,350</u>	<u>29,350</u>	<u>46,959</u>
	<u>\$40,549</u>	<u>\$30,306</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$29,350</u>	<u>\$46,959</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 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 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>

b) Financing facilities

	December 31	
	2023	2022
Uncollateralized Bank loan facilities		
Amount used	\$ 30,000	\$ 50,000
Amount unused	<u>554,230</u>	<u>587,810</u>
	<u>\$ 584,230</u>	<u>\$ 637,810</u>
Collateralized Bank loan facilities		
Amount used	\$ -	\$ -
Amount unused	<u>70,622</u>	<u>92,130</u>
	<u>\$ 70,622</u>	<u>\$ 92,130</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 Year Ended December 31	
		2023	2022
Sales	Others	\$ <u>472</u>	\$ <u>269</u>

c. Purchases of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Cost of goods sold	Others	\$ <u>5,752</u>	\$ <u>6,374</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 unrelated parties were 30 to 150 days after monthly closing.

d. Receivables from related parties

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

The outstanding accounts receivable from related parties are unsecured.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Others	\$ <u>197</u>	\$ <u>2,035</u>

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 Year Ended December 31	
		2023	2022
Operating expenses	Others	\$ <u>6</u>	\$ <u>257</u>

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

g. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 20,193	\$ 19,015
Post-employment benefits	<u>270</u>	<u>268</u>
	\$ <u>20,463</u>	\$ <u>19,283</u>

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 pledged as collateral for land lease from the Hsinchu Science Park Bureau.

	December 31	
	2023	2022
Pledged time deposits (classified as financial assets at amortized cost)	\$ <u>6,200</u>	\$ <u>6,200</u>

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:

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,501	30.705 (USD:NTD)	\$ 261,023
USD	68	7.083 (USD:RMB)	2,084
EUR	8,510	33.980	289,170
RMB	6,989	4.327	30,241
JPY	10,132	0.2172	<u>2,201</u>
			<u>\$ 584,719</u>
<u>Financial liabilities</u>			
Monetary items			
USD	752	30.705	\$ 23,090
RMB	187	4.327	809
JPY	6,509	0.2172	<u>1,414</u>
			<u>\$ 25,313</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:RMB)	614
EUR	12,826	32.720	419,667
RMB	4,427	4.408	19,514
JPY	7,112	0.2324	<u>1,653</u>
			<u>\$ 797,623</u>
<u>Financial liabilities</u>			
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>

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

For the Year Ended December 31				
	2023		2022	
Foreign	Exchange Rate	Net Foreign	Exchange Rate	Net Foreign
Currency	(Foreign Currency: Functional Currency)	Exchange Gains (Losses)	(Foreign Currency: Functional Currency)	Exchange Gains (Losses)
USD	30.705 (USD : NTD)	(\$ 3,931)	30.710 (USD : NTD)	\$ 2,539
EUR	33.980 (EUR : NTD)	(1,616)	32.720 (EUR : NTD)	12,696
RMB	4.327 (RMB : NTD)	(121)	4.408 (RMB : NTD)	12
JPY	0.2172 (JPY : NTD)	(6)	0.2324 (JPY : NTD)	(72)
GBP	39.150 (GBP : NTD)	-	37.090 (GBP : NTD)	37
CHF	36.485 (CHF : NTD)	39	33.205 (CHF : NTD)	36
		(\$ 5,635)		\$ 15,248

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 Item	Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)
0	APEX	Omnis	Other receivables - related parties	Yes	\$61,410 (USD2,000 thousand)	\$ - (USD - thousand)	\$ - (USD - thousand)	1.07%~5.01%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$538,930	\$718,573
		Omnis	Other receivables - related parties	Yes	61,410 (USD2,000 thousand)	61,410 (USD2,000 thousand)	39,917 (USD1,300 thousand)	4.30%~5.30%	The need for short-term financing	-	Operating capital	-	-	-	538,930	718,573

Note 1 : Financing limit for each borrower in the Group, 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
0	APEX	Omnis	Subsidiary	\$ 359,286	\$ 76,763	\$ -	\$ -	-	\$ 898,217	Yes	No	No
				(USD 2,500 thousand)	(USD - thousand)	(USD - thousand)						

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	December 31, 2023			
				Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
APEX	Shares : Lytone Enterprise, Inc.	—	FVTPL- current	2,131,800	\$ 52,080	12	\$ 52,080
	Shares : Ascendax Venture Capital Corporation	—	FVTPL- current	785,400	9,788	2	9,788
	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 December 31, 2023.

d. Intercompany relationships and significant transactions

For the Year Ended December 31, 2023

No.	Investee Company	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	\$ 20,879	—	1.25%
				Net receivable from related parties	10,100	—	0.44%
				Purchase	3,262	—	0.19%
				Accounts payable-from related parties	810	—	0.04%
		Omnis	1	Sales	75,745	—	4.52%
				Net receivable from related parties	35,951	—	1.57%
				Interest revenue	1,943	—	0.12%
				Other receivables to related parties	41,443	—	1.80%
1	APEX(Suzhou)	Omnis	2	Sales	6,791	—	0.41%

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 December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares	(%)	Carrying Amount			
APEX	Omnis	USA	Wholesale of medical consumable and medical equipment	\$ 526,613	\$ 526,613	70,312,094	99	\$ 25,027	(\$18,621)	(\$ 18,413)	—

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 December 31, 2023	Net Income (Loss) of the Investee	% Ownership for Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
APEX (Suzhou)	Wholesale of medical consumable and medical equipment	\$ 35,394 (RMB 7,000 thousand)	(Note)	\$ 33,975 (RMB 6,700 thousand)	\$ -	\$ -	\$ 33,975 (RMB 6,700 thousand)	\$3,257	96%	\$3,117	\$4,523	\$ -

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amounts of Investment Stipulated by Investment Commission, MOEA
\$33,975 (RMB 6,700 thousand)	\$33,975 (RMB 6,700 thousand)	\$1,077,860

Note : Direct investment in mainland China.

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%
SANYANG MOTOR CO., LTD.	5,023,000	5.02%

33. SEGMENT INFORMATION

The decision makers of the operation for the Company make decisions based on the product category information for resource allocation and the evaluation of the department performances. Thus, each product has similar economic characteristics and through the centralized sales approach. Thus, the Company combines the financial report as one single operation report. Besides, the information provided for the decision makers to double check is the same as the evaluation base as the financial statements. Thus, the reported department revenue and operating result in 2023 and 2022 can take the reference of the comprehensive income statement in 2023 and 2022. The assets of the department required for reporting can take the reference in the consolidated balance sheets in each period.

a. Revenue from major products and services

The following is an analysis of the Company's revenue from its major products and services.

	For the Year Ended December 31	
	2023	2022
Strip	\$ 1,108,080	\$ 1,380,952
Electrode	253,441	268,345
Meter	229,524	500,186
Others	<u>85,492</u>	<u>94,693</u>
	<u>\$ 1,676,537</u>	<u>\$ 2,244,176</u>

b. Geographical information

The Company's operating revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External		Non-current Assets	
	Customers		December 31	
	For the Year Ended December 31		2023	2022
	2023	2022	2023	2022
Taiwan	\$ 73,852	\$ 93,466	\$ 732,940	\$ 777,881
USA	683,986	898,352	33,002	60,804
Italy	537,878	661,249	-	-
Austria	142,137	365,422	-	-
China	47,834	55,119	1,276	1,452
Others	<u>190,850</u>	<u>170,568</u>	<u>-</u>	<u>-</u>
	<u>\$1,676,537</u>	<u>\$2,244,176</u>	<u>\$ 767,218</u>	<u>\$ 840,137</u>

Non-current assets exclude financial instruments, refundable deposits, net defined benefit assets and deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31	
	2023	2022
Customer A	\$ 537,878	\$ 661,249
Customer B	Note	365,421
Customer C	352,758	363,372

Note : Revenue less than 10% of the Company's revenue.