

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2020 and 2019**

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

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## Independent Auditors' Review Report

To the Board of Directors  
Apex International Co., Ltd.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Apex International Co., Ltd. and its subsidiaries as of March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Apex International Co., Ltd. and its subsidiaries as of March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Min-Ju Chao and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)  
May 11, 2020

**Notes to Readers**

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

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



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

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

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2020 and 2019**

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

		For the three months ended March 31			
		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(f) and (r))	\$ 2,604,766	100	2,847,563	100
5000	Operating costs (notes 6(e), (g), (h), (i), (m) and (n))	<u>2,045,507</u>	<u>79</u>	<u>2,296,439</u>	<u>81</u>
5900	Gross profit from operations	<u>559,259</u>	<u>21</u>	<u>551,124</u>	<u>19</u>
6000	Operating expenses (notes 6(c), (g), (h), (i), (m), (n), (p) and 7):				
6100	Selling expenses	145,004	5	158,969	5
6200	Administrative expenses	143,697	6	129,482	5
6300	Research and development expenses	9,825	-	-	-
6450	Expected credit loss (reversal of expected credit loss)	<u>(17,581)</u>	<u>(1)</u>	<u>950</u>	<u>-</u>
	Total operating expenses	<u>280,945</u>	<u>10</u>	<u>289,401</u>	<u>10</u>
6900	Operating income	<u>278,314</u>	<u>11</u>	<u>261,723</u>	<u>9</u>
7000	Non-operating income and expenses (notes 6(b), (g), (l), (m), (s) and 7):				
7010	Other income	7,138	-	9,592	-
7020	Other gains and losses	16,994	1	17,357	1
7050	Finance costs	<u>(15,685)</u>	<u>(1)</u>	<u>(21,071)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>8,447</u>	<u>-</u>	<u>5,878</u>	<u>-</u>
7900	Profit from continuing operations before tax	286,761	11	267,601	9
7951	Less: Income tax expenses (note 6(o))	<u>1,489</u>	<u>-</u>	<u>12,411</u>	<u>-</u>
8200	Profit (note (f))	<u>285,272</u>	<u>11</u>	<u>255,190</u>	<u>9</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(681,775)	(26)	138,522	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive income	<u>(681,775)</u>	<u>(26)</u>	<u>138,522</u>	<u>5</u>
8500	Total comprehensive income	<u>\$ (396,503)</u>	<u>(15)</u>	<u>393,712</u>	<u>14</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 284,018	11	254,080	9
8620	Non-controlling interests	<u>1,254</u>	<u>-</u>	<u>1,110</u>	<u>-</u>
		<u>\$ 285,272</u>	<u>11</u>	<u>255,190</u>	<u>9</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (394,893)	(15)	392,020	14
8720	Non-controlling interests	<u>(1,610)</u>	<u>-</u>	<u>1,692</u>	<u>-</u>
		<u>\$ (396,503)</u>	<u>(15)</u>	<u>393,712</u>	<u>14</u>
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	<u>\$ 1.50</u>		<u>1.43</u>	
9850	Diluted earnings per share	<u>\$ 1.50</u>		<u>1.35</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

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

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2020 and 2019**

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

	Equity attributable to owners of parent					Exchange differences on translation of foreign operation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Special reserve	Unappropriated retained earnings	Total				
<b>Balance at January 1, 2019</b>	\$ 1,702,295	1,944,448	300,256	2,031,633	2,331,889	2,661	5,981,293	27,602	6,008,895
Profit	-	-	-	254,080	254,080	-	254,080	1,110	255,190
Other comprehensive income	-	-	-	-	-	137,940	137,940	582	138,522
Total comprehensive income	-	-	-	254,080	254,080	137,940	392,020	1,692	393,712
Conversion of convertible bonds	141,939	335,414	-	-	-	-	477,353	-	477,353
<b>Balance at March 31, 2019</b>	<u>\$ 1,844,234</u>	<u>2,279,862</u>	<u>300,256</u>	<u>2,285,713</u>	<u>2,585,969</u>	<u>140,601</u>	<u>6,850,666</u>	<u>29,294</u>	<u>6,879,960</u>
<b>Balance at January 1, 2020</b>	\$ 1,890,409	2,396,626	300,256	2,396,911	2,697,167	428,276	7,412,478	33,011	7,445,489
Profit	-	-	-	284,018	284,018	-	284,018	1,254	285,272
Other comprehensive income	-	-	-	-	-	(678,911)	(678,911)	(2,864)	(681,775)
Total comprehensive income	-	-	-	284,018	284,018	(678,911)	(394,893)	(1,610)	(396,503)
Conversion of convertible bonds	8,922	8,837	-	-	-	-	17,759	-	17,759
Changes in non-controlling interests	-	-	-	-	-	-	-	15	15
<b>Balance at March 31, 2020</b>	<u>\$ 1,899,331</u>	<u>2,405,463</u>	<u>300,256</u>	<u>2,680,929</u>	<u>2,981,185</u>	<u>(250,635)</u>	<u>7,035,344</u>	<u>31,416</u>	<u>7,066,760</u>

See accompanying notes to consolidated financial statements.

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APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 286,761	267,601
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	184,927	180,790
Amortization expense	3,723	3,506
Expected credit loss (reversal of expected credit loss)	(17,581)	950
Interest expense	15,685	21,071
Interest income	(67)	(645)
Loss on disposal of property, plant and equipment	212	317
Impairment loss on non-financial assets	3,188	2,936
Total adjustments to reconcile profit	190,087	208,925
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	3,091	(1,365)
Notes receivable	160	-
Accounts receivable	73,774	350,804
Other receivables	(29,079)	(13,527)
Inventories	(106,496)	(260,573)
Other current assets	(3,723)	(4,422)
Total changes in operating assets	(62,273)	70,917
Changes in operating liabilities:		
Financial liabilities measured at fair value through profit or loss	17,066	1,761
Notes payable	22	-
Accounts payable	598,133	240,426
Other payables	47,249	53,021
Other current liabilities	(3,229)	3,611
Other non-current liabilities	(2,982)	3,978
Total changes in operating liabilities	656,259	302,797
Total changes in operating assets and liabilities	593,986	373,714
Total adjustments	784,073	582,639
Cash inflow generated from operations	1,070,834	850,240
Interest received	67	645
Interest paid	(16,919)	(19,614)
Income taxes paid	(48)	-
Net cash flows from operating activities	1,053,934	831,271
<b>Cash flows from (used in) investing activities:</b>		
Net cash flow from acquisition of subsidiaries (deduct cash acquired)	(163,942)	-
Acquisition of property, plant and equipment	(273,023)	(139,295)
Proceeds from disposal of property, plant and equipment	-	13
Decrease in refundable deposits	398	60
Acquisition of intangible assets	(348)	(52)
Increase in other financial assets	(30)	-
Increase in prepayments for equipment	(123,018)	(2,659)
Net cash flows used in investing activities	(559,963)	(141,933)
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	312,686	(487,031)
Proceeds from long-term loans	71,603	47,509
Repayments of long-term loans	(334,603)	(220,849)
Payment of lease liabilities	(39,724)	(49,182)
Net cash flows from (used in) financing activities	9,962	(709,553)
Effect of exchange rate changes on cash and cash equivalents	(246,117)	56,694
Net increase in cash and cash equivalents	257,816	36,479
Cash and cash equivalents at beginning of period	299,901	410,268
Cash and cash equivalents at end of period	\$ 557,717	446,747

See accompanying notes to consolidated financial statements.



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

**Notes to the Consolidated Financial Statements**

**March 31, 2020 and 2019**

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

**(1) Company history**

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

**(2) Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issuance by the Board of Directors on May 11, 2020.

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

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

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

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective date per IASB</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

Those which may be relevant to the Group are set out below:

<b>Issuance / Release Dates</b>	<b>Standards or Interpretations</b>	<b>Content of amendment</b>
January 23, 2022	Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

**(4) Summary of significant accounting policies:**

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2019.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed and issued into by the FSC) for full annual consolidated financial statements.

(Continued)

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

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2019.

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

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)		
			March 31, 2020	December 31, 2019	March 31, 2019
The Company	Apex Circuit (Thailand) Co., Ltd. (Apex Circuit (Thailand))	PCB manufacturing and sales	99.58 %	99.58 %	99.58 %
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00 %	100.00 %	100.00 %
Apex Circuit (Thailand)	Apex Electronics (Shen Zhen) Co., Ltd.	PCB import and export	- % (note 1)	- % (note 1)	100.00 % (note 1)
Apex Circuit (Thailand)	Shye Feng Enterprise (Thailand) Co., Ltd. (APS)	PCB manufacturing and sales	99.99 % (note 2)	- %	- %
Apex Circuit (Thailand)	Apex IPO (Dong Guan) Ltd. (APC)	Supply chain integration	100.00 % (note 3)	- %	- %
APS	Shye Feng (Singapore) Pte. Ltd. (APSG)	PCB sales development	100.00 % (note 2)	- %	- %

Note 1: On November 13, 2017, the Board decided to liquidate Apex Electronics (Shen Zhen) Co., Ltd., a subsidiary of the Group, due to a shift in operating strategy. All of APC's shares had been transferred back to the Group on April 4, 2019, and the liquidation process had been completed on May 6, 2019.

Note 2: On October 3, 2019, the Board of Directors approved to acquire 99.99% shares of APS whose primary business is PCB manufacturing and sales. And its subsidiary was set up in Singapore and whose primary business is developing PCB sales. For more information please refer to note 7.

Note 3: The Group has invested a subsidiary APC in China in February 2020, but the capital is yet to be injected as of March 31, 2020.

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

(c) Business combination

The Group has first adopted Business Combination Accounting Policy since January 1, 2020, as it took control over other company by implementing Merger & Acquisition(M&A) in the first quarter of 2020.

(Continued)

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

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

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

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

(d) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(Continued)

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

(e) Employee benefits

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

(f) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management, and any resulting current and deferred tax expense should be recognized accordingly.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2019.

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

Except for the following, the preparation of the consolidated financial statements are in conformity with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2019.

(a) Cash and cash equivalents

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Cash	\$ 5,605	277	275
Demand deposits	521,184	290,160	334,889
Checking deposits	21,852	432	613
Time deposits	9,076	9,032	110,970
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 557,717</u>	<u>299,901</u>	<u>446,747</u>

(Continued)

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

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Restricted bank deposit	\$ <u>6,232</u>	<u>6,202</u>	<u>-</u>

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

(i) Financial assets measured at fair value

1) Current

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Financial assets held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 380	3,458	5,600
Mandatorily measured at fair value through profit or loss:			
Derivative financial assets			
Call and put option of corporate bonds payable	-	16	33
Total	\$ <u>380</u>	<u>3,474</u>	<u>5,633</u>

2) Non-current

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Mandatorily measured at fair value through profit or loss:			
Derivative financial assets			
Call and put option of corporate bonds payable	\$ <u>-</u>	<u>-</u>	<u>60</u>

(Continued)

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

(ii) Financial liabilities measured at fair value

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ <u>20,356</u>	<u>3,290</u>	<u>1,952</u>

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

The Group uses derivative financial instruments to hedge certain foreign exchange risk the Group is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Group held the following derivative financial instruments as held-for-trading financial assets (liabilities) as of March 31, 2020, December 31, 2019, and March 31, 2019.

Forward exchange contracts:

<u>March 31, 2020</u>				
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>	<u>Fair value of assets (liabilities)</u>
Forward exchange sold	USD 10,000	USD to THB	2020.06.11 ~2020.08.07	\$ <u>(19,575)</u>
Forward exchange purchased	USD 5,000	NTD to USD	2020.06.10 ~2020.08.10	\$ <u>(781)</u>
Forward exchange purchased	USD 3,000	NTD to USD	2020.06.17 ~2020.07.13	\$ <u>380</u>

  

<u>December 31, 2019</u>				
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>	<u>Fair value of assets (liabilities)</u>
Forward exchange sold	USD 7,000	USD to THB	2020.1.27 ~2020.6.11	\$ <u>3,458</u>
Forward exchange purchased	USD 6,000	NTD to USD	2020.1.15 ~2020.6.17	\$ <u>(3,290)</u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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<b>March 31, 2019</b>				
	<b>Amount</b>			<b>Fair value of</b>
	<b>(in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>	<b>assets</b>
				<b>(liabilities)</b>
Forward exchange sold	USD 7,800	USD to THB	2019.4.30 ~2019.7.11	\$ <u><u>5,600</u></u>
Forward exchange sold	USD 6,500	USD to THB	2019.7.17 ~2019.9.30	\$ <u><u>(1,952)</u></u>

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

(c) Accounts receivable

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Notes receivable	\$ 243	-	-
Accounts receivable	2,924,394	2,892,485	3,295,321
Less: loss allowance	<u>(2,670)</u>	<u>(21,041)</u>	<u>(3,086)</u>
	<u><u>\$ 2,921,967</u></u>	<u><u>2,871,444</u></u>	<u><u>3,292,235</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomics and relevant industry information.

The Group's analyses of the expected credit loss on its accounts receivable in the regions of Taiwan and Mainland China as of March 31, 2020, December 31, 2019, and March 31, 2019 were as follows:

<b>March 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>
		<b>Loss allowance provision</b>
Not yet due	\$ 273,593	-
Past due 1~30 days	66,487	-
Past due 31~60 days	14,258	-
Past due 61~90 days	1,707	-
Past due 91~120 days	5	20.52
Past due 121~180 days	<u>151</u>	<u>62</u>
	<u><u>\$ 356,201</u></u>	<u><u>63</u></u>

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<b>December 31, 2019</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 294,293	0.01	23
Past due 1~30 days	42,266	0.03	15
Past due 31~60 days	6,766	0.17	12
Past due 61~90 days	70	7.73	5
	<b>\$ 343,395</b>		<b>55</b>

  

<b>March 31, 2019</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 237,048	0.01	32
Past due 1~30 days	96,844	0.06	58
Past due 31~60 days	28,931	0.27	77
	<b>\$ 362,823</b>		<b>167</b>

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

<b>March 31, 2020</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 340,206	-	-
Past due 1~30 days	41,522	-	-
Past due 31~60 days	2,450	0.01	-
Past due 121~180 days	2	27.42	1
	<b>\$ 384,180</b>		<b>1</b>

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	<b>December 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 326,568	-	-
Past due 1~30 days	3,209	-	-
Past due 31~60 days	2	0.01	-
Past due 91~120 days	475	0.01	-
	<u><b>\$ 330,254</b></u>		<u><b>-</b></u>

As of December 31, 2019, the accounts receivable above does not contain all the amounts that the Group has for a certain client. As the uncertainty of receiving such accounts receivable, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation, and the total amount is \$19,046 thousand. All the accounts receivable mentioned above has been received in January 2020, therefore, the Group reversed those loss allowance.

	<b>March 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 514,997	-	-
Past due 1~30 days	39,735	-	-
Past due 31~60 days	7,023	-	-
Past due 91~120 days	1	-	-
	<u><b>\$ 561,756</b></u>		<u><b>-</b></u>

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

<b>March 31, 2020</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 1,327,868	-	-
Past due 1~30 days	197,324	-	-
Past due 31~60 days	17,938	-	-
Past due 61~90 days	3,318	-	-
Past due 91~120 days	1,599	-	-
Past due 121~180 days	1,068	30.24	323
Over 180 days	291	100.00	291
	<u><b>\$ 1,549,406</b></u>		<u><b>614</b></u>
<b>December 31, 2019</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 1,156,587	-	-
Past due 1~30 days	257,752	-	-
Past due 31~60 days	7,982	-	-
Past due 61~90 days	2,263	-	-
	<u><b>\$ 1,424,584</b></u>		<u><b>-</b></u>
<b>March 31, 2019</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 1,046,335	-	-
Past due 1~30 days	278,952	-	-
Past due 31~60 days	4,698	-	-
Past due 91~120 days	6,234	-	-
Past due 121~180 days	2,631	39.88	1,049
Over 180 days	1,870	100.00	1,870
	<u><b>\$ 1,340,720</b></u>		<u><b>2,919</b></u>

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The accounts receivable above does not contain all the amounts that the Group has for a certain client. As the uncertainty of receiving, the Group has fully recognized loss allowance of the total amount. Therefore, it is not included into expected credit loss calculation. The loss allowance recognized at March 31, 2020 and December 31, 2019 are \$1,925 thousand and \$1,940 thousand, respectively.

The Group's analyses of the expected credit loss on its accounts receivable in the Western region (Europe and America) as of March 31, 2020, December 31, 2019, and March 31, 2019 were as follows:

<b>March 31, 2020</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 523,060	0.01	2
Past due 1~30 days	69,410	0.04	30
Past due 31~60 days	19,684	0.06	12
Past due 61~90 days	13,655	0.06	9
Past due 91~120 days	5,222	0.13	7
Past due 121~180 days	<u>1,894</u>	0.39	<u>7</u>
	<u><u>\$ 632,925</u></u>		<u><u>67</u></u>
<b>December 31, 2019</b>			
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 632,795	-	-
Past due 1~30 days	72,632	-	-
Past due 31~60 days	53,532	-	-
Past due 61~90 days	11,772	-	-
Past due 91~120 days	1,163	-	-
Past due 121~180 days	<u>1,372</u>	-	<u>-</u>
	<u><u>\$ 773,266</u></u>		<u><u>-</u></u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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	<b>March 31, 2019</b>		
	<b>Gross carrying amount</b>	<b>Weighted average loss rate (%)</b>	<b>Loss allowance provision</b>
Not yet due	\$ 942,578	-	-
Past due 1~30 days	75,426	-	-
Past due 31~60 days	9,648	-	-
Past due 61~90 days	2,293	-	-
Past due 91~120 days	77	-	-
	<u><b>\$ 1,030,022</b></u>		<u><b>-</b></u>

The movement in the allowance of accounts receivable are as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at the beginning	\$ 21,041	2,096
Acquisition	318	-
Impairment losses recognized (reversal of expected credit)	(17,581)	950
Foreign exchange losses (gains)	(1,108)	40
Balance at the ending	<u><b>\$ 2,670</b></u>	<u><b>3,086</b></u>

(d) Other receivables

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Other receivables	\$ 64,805	35,726	54,915
Less: Loss allowance	-	-	-
	<u><b>\$ 64,805</b></u>	<u><b>35,726</b></u>	<u><b>54,915</b></u>

The Group does not have any past due other receivables as of March 31, 2020, December 31, 2019, and March 31, 2019.

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

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(e) Inventories

<b>March 31, 2020</b>			
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
Raw materials	\$ 644,617	(39,201)	605,416
Work in process	351,038	(9,064)	341,974
Finished goods	525,871	(16,386)	509,485
Supplies and spare parts	385,879	(63,256)	322,623
Goods in transit	189,935	-	189,935
Merchandise inventory	<u>715</u>	<u>-</u>	<u>715</u>
Total	<u><u>\$ 2,098,055</u></u>	<u><u>(127,907)</u></u>	<u><u>1,970,148</u></u>

  

<b>December 31, 2019</b>			
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
Raw materials	\$ 656,364	(54,739)	601,625
Work in process	271,385	(12,613)	258,772
Finished goods	574,152	(18,863)	555,289
Supplies and spare parts	361,627	(54,397)	307,230
Goods in transit	77,827	-	77,827
Merchandise inventory	<u>163</u>	<u>-</u>	<u>163</u>
Total	<u><u>\$ 1,941,518</u></u>	<u><u>(140,612)</u></u>	<u><u>1,800,906</u></u>

  

<b>March 31, 2019</b>			
	<b>Cost</b>	<b>Allowance for loss</b>	<b>Net realizable value</b>
Raw materials	\$ 709,899	(52,095)	657,804
Work in process	353,263	(7,739)	345,524
Finished goods	476,844	(21,539)	455,305
Supplies and spare parts	340,222	(43,954)	296,268
Goods in transit	156,921	-	156,921
Merchandise inventory	<u>1,114</u>	<u>-</u>	<u>1,114</u>
Total	<u><u>\$ 2,038,263</u></u>	<u><u>(125,327)</u></u>	<u><u>1,912,936</u></u>

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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For the three months ended March 31, 2020 and 2019, in addition to the normal cost of goods sold, the following loss and revenue were included in the Group's operating costs:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Loss on market price decline and obsolete and slow-moving inventories (gain from price recovery of inventory)	\$ (4,792)	16,901
Revenue from sale of scrap	(54,985)	(84,043)
Loss on inventory obsolescence	<u>63,254</u>	<u>65,532</u>
	<u><b>\$ 3,477</b></u>	<u><b>(1,610)</b></u>

As of March 31, 2020, December 31, 2019, and March 31, 2019, the Group did not pledge its inventory as collateral.

(f) **Business combination**

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

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

From the acquisition date to March 31, 2020, operating revenue and net loss of APS are \$142,810 thousand and \$5,478 thousand, respectively.

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

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

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

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**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
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(ii) Identifiable assets and liabilities acquired

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

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

(iii) Goodwill

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

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

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(g) Property, plant and equipment

The cost, depreciation, and impairment losses of the property, plant and equipment of the Group in the three months ended March 31, 2020 and 2019, were as follows:

		Land	Land improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leased equipment	Leasehold improvement	Unfinished construction and equipment undergoing acceptance testing	Total
Cost:											
Balance at January 1, 2020	\$	351,537	8,335	2,297,849	7,767,265	12,912	464,785	-	10,902	204,952	11,118,537
Obtained from acquisition		38,489	-	65,250	39,118	2,391	1,275	-	-	4,879	151,402
Additions		97,777	-	26,655	20,633	-	7,702	-	500	229,911	383,178
Disposals		-	-	-	(1,403)	-	(539)	-	-	-	(1,942)
Reclassification (note 2)		-	-	24,233	137,951	-	(3)	-	-	(121,118)	41,063
Translation effect		(37,202)	(711)	(208,988)	(694,796)	(1,776)	(39,955)	-	(783)	(22,290)	(1,006,501)
Balance at March 31, 2020	\$	<u>450,601</u>	<u>7,624</u>	<u>2,204,999</u>	<u>7,268,768</u>	<u>13,527</u>	<u>433,265</u>	<u>-</u>	<u>10,619</u>	<u>296,334</u>	<u>10,685,737</u>
Balance at January 1, 2019	\$	330,635	7,744	2,107,327	6,935,908	10,342	405,227	636,559	12,551	80,034	10,526,327
Additions		-	-	2,138	25,716	-	14,931	-	-	105,993	148,778
Disposals		-	-	-	(732)	-	(5,412)	-	-	-	(6,144)
Reclassification (note 1)		-	-	-	27,526	-	-	(636,559)	-	(27,526)	(636,559)
Translation effect		7,037	165	44,840	147,355	220	8,540	-	231	1,309	209,697
Balance at March 31, 2019	\$	<u>337,672</u>	<u>7,909</u>	<u>2,154,305</u>	<u>7,135,773</u>	<u>10,562</u>	<u>423,286</u>	<u>-</u>	<u>12,782</u>	<u>159,810</u>	<u>10,242,099</u>
Accumulated depreciation and impairment losses:											
Balance at January 1, 2020	\$	-	4,231	826,368	3,921,969	10,384	278,836	-	8,908	-	5,050,696
Depreciation		-	205	31,804	119,950	887	11,011	-	523	-	164,380
Impairment loss		-	-	-	3,188	-	-	-	-	-	3,188
Disposals		-	-	-	(1,263)	-	(467)	-	-	-	(1,730)
Reclassification		-	-	-	2	-	(2)	-	-	-	-
Translation effect		-	(369)	(77,248)	(362,319)	(1,398)	(24,162)	-	(631)	-	(466,127)
Balance at March 31, 2020	\$	<u>-</u>	<u>4,067</u>	<u>780,924</u>	<u>3,681,527</u>	<u>9,873</u>	<u>265,216</u>	<u>-</u>	<u>8,800</u>	<u>-</u>	<u>4,750,407</u>
Balance at January 1, 2019	\$	-	3,171	663,123	3,247,956	7,777	228,636	106,791	8,743	-	4,266,197
Depreciation		-	204	28,832	117,164	193	10,702	-	535	-	157,630
Impairment loss		-	-	-	2,936	-	-	-	-	-	2,936
Disposals		-	-	-	(660)	-	(5,154)	-	-	-	(5,814)
Reclassification (note 1)		-	-	-	-	-	-	(106,791)	-	-	(106,791)
Translation effect		-	67	13,969	68,527	165	4,808	-	148	-	87,684
Balance at March 31, 2019	\$	<u>-</u>	<u>3,442</u>	<u>705,924</u>	<u>3,435,923</u>	<u>8,135</u>	<u>238,992</u>	<u>-</u>	<u>9,426</u>	<u>-</u>	<u>4,401,842</u>
Carrying amount:											
Balance at January 1, 2020	\$	<u>351,537</u>	<u>4,104</u>	<u>1,471,481</u>	<u>3,845,296</u>	<u>2,528</u>	<u>185,949</u>	<u>-</u>	<u>1,994</u>	<u>204,952</u>	<u>6,067,841</u>
Balance at March 31, 2020	\$	<u>450,601</u>	<u>3,557</u>	<u>1,424,075</u>	<u>3,587,241</u>	<u>3,654</u>	<u>168,049</u>	<u>-</u>	<u>1,819</u>	<u>296,334</u>	<u>5,935,330</u>
Balance at March 31, 2019	\$	<u>337,672</u>	<u>4,467</u>	<u>1,448,381</u>	<u>3,699,850</u>	<u>2,427</u>	<u>184,294</u>	<u>-</u>	<u>3,356</u>	<u>159,810</u>	<u>5,840,257</u>

Note 1: The cost and accumulated depreciation of \$636,559 thousand and \$106,791 thousand, respectively, were reclassified to right-of-use assets due to the effect of retrospective application.

2. The cost of \$41,063 thousand was transferred from prepayment for machinery and equipment.

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

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Impairment loss	<u><u>3,188</u></u>	<u><u>2,936</u></u>

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

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

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

(h) Right-of-use assets

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

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
Cost:				
Balance at January 1, 2020	\$ 107,596	526,283	26,546	660,425
Obtained from acquisition	-	-	286	286
Additions	142	4,994	-	5,136
Translation effect	<u>(8,425)</u>	<u>(45,055)</u>	<u>(2,308)</u>	<u>(55,788)</u>
Balance at March 31, 2020	<u><u>\$ 99,313</u></u>	<u><u>486,222</u></u>	<u><u>24,524</u></u>	<u><u>610,059</u></u>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application	<u>102,481</u>	<u>655,659</u>	<u>23,795</u>	<u>781,935</u>
Balance at January 1, 2019 after restatement	102,481	655,659	23,795	781,935
Additions	-	765	-	765
Translation effect	<u>1,994</u>	<u>13,989</u>	<u>468</u>	<u>16,451</u>
Balance at March 31, 2019	<u><u>\$ 104,475</u></u>	<u><u>670,413</u></u>	<u><u>24,263</u></u>	<u><u>799,151</u></u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	\$ 27,261	121,793	10,386	159,440
Disposals	6,643	11,334	2,570	20,547
Translation effect	<u>(2,328)</u>	<u>(10,840)</u>	<u>(1,010)</u>	<u>(14,178)</u>
Balance at March 31, 2020	<u><u>\$ 31,576</u></u>	<u><u>122,287</u></u>	<u><u>11,946</u></u>	<u><u>165,809</u></u>

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

	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Total</b>
Balance at January 1, 2019	\$ -	-	-	-
Effects of retrospective application	-	105,860	931	106,791
Balance at January 1, 2019	-	105,860	931	106,791
Depreciation	6,683	14,087	2,398	23,168
Translation effect	(30)	2,201	(12)	2,159
Balance at March 31, 2019	<u>\$ 6,653</u>	<u>122,148</u>	<u>3,317</u>	<u>132,118</u>
Carrying amount:				
Balance at January 1, 2020	<u>\$ 80,335</u>	<u>404,490</u>	<u>16,160</u>	<u>500,985</u>
Balance at March 31, 2020	<u>\$ 67,737</u>	<u>363,935</u>	<u>12,578</u>	<u>444,250</u>
Balance at March 31, 2019	<u>\$ 97,822</u>	<u>548,265</u>	<u>20,946</u>	<u>667,033</u>

Note: 1. The cost of machinery and equipment, as well as vehicles, of \$634,757 thousand and \$1,802 thousand, respectively; and their corresponding accumulated depreciation of \$105,860 thousand and \$931 thousand, respectively, were reclassified from property, plant and equipment to right-of-use assets due to the effect of retrospective application.

(i) Intangible assets

	<b>Goodwill</b>	<b>Operating procedure</b>	<b>Customer relationship</b>	<b>Software</b>	<b>Total</b>
Costs:					
Balance at January 1, 2020	\$ -	-	-	111,021	111,021
Obtained from acquisition	126,315	3,298	43,240	259	173,112
Addition	-	-	-	348	348
Translation effect	(10,765)	(281)	(3,685)	(9,465)	(24,196)
Balance at March 31, 2020	<u>\$ 115,550</u>	<u>3,017</u>	<u>39,555</u>	<u>102,163</u>	<u>260,285</u>
Balance at January 1, 2019	\$ -	-	-	98,441	98,441
Additions	-	-	-	52	52
Translation effect	-	-	-	2,083	2,083
Balance at March 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>100,576</u>	<u>100,576</u>
Amortization and impairment loss:					
Balance at January 1, 2020	\$ -	-	-	76,097	76,097
Amortization	-	157	1,031	2,535	3,723
Translation effect	-	(6)	(42)	(6,575)	(6,623)
Balance at March 31, 2020	<u>\$ -</u>	<u>151</u>	<u>989</u>	<u>72,057</u>	<u>73,197</u>
Balance at January 1, 2019	\$ -	-	-	60,562	60,562
Amortization	-	-	-	3,506	3,506
Translation effect	-	-	-	1,260	1,260
Balance at March 31, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>65,328</u>	<u>65,328</u>

(Continued)

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

	<u>Goodwill</u>	<u>Operating procedure</u>	<u>Customer relationship</u>	<u>Software</u>	<u>Total</u>
Carrying amount:					
Balance at January 1, 2020	\$ -	-	-	34,924	34,924
Balance at March 31, 2020	\$ 115,550	2,866	38,566	30,106	187,088
Balance at March 31, 2019	\$ -	-	-	35,248	35,248

(j) Short-term loans

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Unsecured loans	\$ 1,122,594	899,218	830,294
Secured loans	120,926	-	-
Total	\$ 1,243,520	899,218	830,294
Unused credit line	\$ 3,612,392	4,602,994	4,367,057
Interest rate (%)	0.95~6.25	1.35~2.60	1.55~3.37

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

(k) Long-term loans

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Secured loans	\$ 349,805	465,045	453,792
Unsecured loans	445,658	639,933	235,653
Less: deferred financing fee	(3,112)	(3,434)	-
Less: current portion	(145,045)	(422,093)	(503,779)
Total	\$ 647,306	679,451	185,666
Unused credit line	\$ 1,501,384	1,525,185	783,097
Interest rate (%)	1.69~5.88	2.58~6.00	3.75~6.25
Contract period	109.3~112.12	109.3~112.12	109.3~111.11

(i) Collateral for loans

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

(ii) Loan contract

For the three months ended March 31, 2020 and 2019, agreements between the Group and bank do not have significant change. Please refer to note 6(j) of 2019 consolidated financial statements for more information.

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

(l) Corporate bonds payable

<b>March 31, 2020</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Total amount of convertible bonds	\$ -	600,000	600,000
Less: Discount on issuing convertible bonds	-	29,760	29,760
Underwriting expense	-	6,681	6,681
Discounted present value of bonds payable when issued	-	563,559	563,559
Amortization of discount on bonds payable	-	5,561	5,561
Reversal of discount on bonds payable conversion	-	30,878	30,878
Less: Accumulated converted amount	-	599,900	599,900
Ending balance of bonds payable	<u>\$ -</u>	<u>98</u>	<u>98</u>
<b>December 31, 2019</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Total amount of convertible bonds	\$ 650,000	600,000	1,250,000
Less: Discount on issuing convertible bonds	64,350	29,760	94,110
Underwriting expense	4,027	6,681	10,708
Discounted present value of bonds payable when issued	581,623	563,559	1,145,182
Amortization of discount on bonds payable	61,392	5,498	66,890
Reversal of discount on bonds payable conversion	6,985	30,440	37,425
Less: Accumulated converted amount	650,000	581,700	1,231,700
Ending balance of bonds payable	<u>\$ -</u>	<u>17,797</u>	<u>17,797</u>

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

	<b>March 31, 2019</b>		
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Total amount of convertible bonds	\$ 650,000	600,000	1,250,000
Less: Discount on issuing convertible bonds	64,350	29,760	94,110
Underwriting expense	4,027	6,681	10,708
Discounted present value of bonds payable when issued	581,623	563,559	1,145,182
Amortization of discount on bonds payable	60,521	5,220	65,741
Reversal of discount on bonds payable conversion	6,926	30,439	37,365
Less: Accumulated converted amount	487,000	581,700	1,068,700
Ending balance of bonds payable	<u>\$ 162,070</u>	<u>17,518</u>	<u>179,588</u>

For the three months ended March 31, 2020 and 2019, the Group did not issue or buyback convertible bonds. Please refer to note 6(k) of 2019 consolidate financial statements for information. Please refer to note 6(p) for more information on the Group's conversion of convertible bonds into common stock for the three months ended March 31, 2020 and 2019.

The second unsecured convertible bonds were expired on July 21, 2019, and it was fully converted into the Group's common share.

The conversion price of the third convertible bond is NTD 20.40 per share.

The Group issued unsecured convertible bonds, asset, liability and equity components were as follows:

- (i) Financial assets measured at fair value through profit or loss are as follows:

	<b>March 31, 2020</b>		
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Beginning balance	\$ -	16	16
Valuation loss	-	(13)	(13)
Conversion	-	(3)	(3)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

<b>December 31, 2019</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Issuance	\$ -	170	170
Valuation gain	146	(56)	90
Conversion	(146)	(98)	(244)
Ending balance	<u>\$ -</u>	<u>16</u>	<u>16</u>
<b>March 31, 2019</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Issuance	\$ -	170	170
Valuation gain	178	(12)	166
Conversion	(145)	(98)	(243)
Ending balance	<u>\$ 33</u>	<u>60</u>	<u>93</u>

- (ii) The balance of the equity component recorded as capital surplus— stock warrants are as follows:

<b>March 31, 2020</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Beginning balance	\$ -	839	839
Less: conversion	-	834	834
Ending balance	<u>\$ -</u>	<u>5</u>	<u>5</u>
<b>December 31, 2019</b>			
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Beginning balance	\$ 60,057	2,166	62,223
Less: conversion	60,057	1,327	61,384
Ending balance	<u>\$ -</u>	<u>839</u>	<u>839</u>

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

	<b>March 31, 2019</b>		
	<b>Second unsecured convertible bond</b>	<b>Third unsecured convertible bond</b>	<b>Total</b>
Beginning balance	\$ 60,057	2,166	62,223
Less: conversion	44,181	1,326	45,507
Ending balance	<u>\$ 15,876</u>	<u>840</u>	<u>16,716</u>

The third unsecured convertible bondholders are entitled to exercise the put option and request the Group to pay the full amount at the agreed price beginning from two years after the issuance date (May 7, 2020). Based on conservatism, the Group reclassified financial liabilities measured at fair value through profit and loss—non-current to current liabilities on March 31, 2020 and December 31, 2019, but it is not required to fully repay within one year.

(m) Lease liabilities

The amount of leased liability were as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Current	\$ <u>119,774</u>	<u>145,310</u>	<u>188,638</u>
Non-current	\$ <u>71,223</u>	<u>99,050</u>	<u>189,547</u>

The increase in lease liabilities for the three months ended March 31, 2020 was \$5,136 thousand, with an interest rate of 2.68%~3.47%. The lease liabilities are due from January 2022 to February 2023.

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on lease liabilities	\$ <u>2,388</u>	<u>4,388</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>194</u>	<u>687</u>
Expenses relating to short-term leases	\$ <u>494</u>	<u>1,631</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>15</u>	<u>13</u>

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

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

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Total cash flows from operating activities	\$ 3,091	6,719
Total cash flows from investing activities	39,724	49,182
Total cash outflow for leases	<u><u>\$ 42,815</u></u>	<u><u>55,901</u></u>

(i) Real estate leases

As of March 31, 2020 and 2019, the Group leases buildings for its office space and warehouse. The leases of warehouse typically run for a period of 2 to 6 years, and of office for 1 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

As of March 31, 2020 and 2019, the Group leases office equipment and vehicles with lease terms of 1 to 4 years. Some of these leases are considered as short-term leases or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Employee benefits

(i) Defined benefit plans

Given there was no significant volatility of the market or any significant curtailments, settlements, or other one-time events in the prior fiscal year, pension cost in the interim financial statements is measured and disclosed in accordance with the pension cost determined by the actuarial report issued for the years ended December 31, 2019 and 2018.

The Group's expenses recognized in profit or loss, were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	\$ 1,462	1,511
Operating expenses	1,433	894
	<u><u>\$ 2,895</u></u>	<u><u>2,405</u></u>

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

(ii) Defined contribution plans

Pension costs paid by the Group to the Bureau of Labor Insurance based on the defined contribution plans were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Operating expenses	<b>\$ 224</b>	<b>207</b>

(iii) Long-term employee benefit plan

The balance of the Group's long-term employee benefit plan amounted to \$5,143 thousand, \$4,823 and \$4,693 thousand as of March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

(o) Income taxes

The amounts of income tax for the three months ended March 31, 2020 and 2019, were as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax expense		
Current period	1,489	107
Adjustment for prior periods	-	12,304
Income tax expenses	<b>1,489</b>	<b>12,411</b>

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

In Thailand and Singapore, where APT, APS and APSG operates, income taxes do not require approval by the tax authority. Income taxes paid in prior years have received income tax receipts up to 2018. The income tax return of AET and the Company's Taiwan Branch had been approved by the Revenue department through 2017. APC was established in China in February 2020, so it has not yet filed any income tax return.

(p) Share capital and other equity

Except for the following, there were no significant changes in the Group's share capital and other equity for the three months ended March 31, 2020 and 2019. Please refer to note 6(q) to the 2019 consolidated financial statements for related information.

As of March 31, 2020, December 31, 2019, and March 31, 2019, the total value of authorized common stock is \$3,000,000 thousand. Par value of each share is \$10 (dollars), and in total, there are 300,000 thousand authorized common shares.

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

Reconciliation of shares outstanding for the three months ended March 31, 2020 and 2019, was as follows:

	Unit: Thousand shares For the three months ended March 31	
	2020	2019
Balance at January 1	189,041	170,230
Conversion of convertible bonds	892	14,193
Balance at March 31	<u>189,933</u>	<u>184,423</u>

(i) Issuance of common stock

In the three months ended March 31, 2020, the third convertible bondholders converted bonds into common stock, and of which 892 thousand shares were converted at par value, amounting to \$8,922 thousand. Registration processes in relation to the bond conversion have been completed.

In the three months ended March 31, 2019, second and third convertible bondholders converted bonds into common stocks, and of which 12,849 thousand shares and 1,344 thousand shares were converted at par value, amounting to \$128,498 thousand and \$13,441 thousand, respectively, in total of \$141,939 thousand. Registration processes in relation to the bond conversion have been completed.

(ii) Capital surplus

The balance of capital surplus was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Premium on capital stock	\$ 2,378,058	2,368,387	2,235,746
Donation by shareholders	27,067	27,067	27,067
Issuance of convertible bonds — stock warrant	5	839	16,716
Gain or loss on entity's disposition of equity of the subsidiary	333	333	333
	<u>\$ 2,405,463</u>	<u>2,396,626</u>	<u>2,279,862</u>

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

(iii) Distribution of earnings

Based on the Company's articles of association, if there are profits in the given year, the Company is to set aside no more than 2% as remuneration to employees, directors, and supervisors. However, if there are cumulative losses, the Company shall first make up the losses. On March 10, 2020, the employee remuneration, as well as remuneration to directors and supervisors, of \$0 and \$720, respectively, which were decided by the Company's Board of Directors to be proposed during the shareholders' meeting for approval, were the same as those recognized in the financial statements in 2019. The related information is available on the Market Observation Post System website.

On March 10, 2020, the Company's Board of Directors approved to appropriate the 2019 earnings. On June 5, 2019, the shareholder's meetings resolved to distribute the 2018 earnings. These earnings were appropriated as follows:

	<u>2019</u>	<u>2018</u>
Dividends distributed to ordinary shareholders		
Cash	\$ <u>569,799</u>	<u>465,236</u>

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

(q) Earnings per share

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

	Unit: Thousand shares	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2020</u>	<u>2019</u>
Basic EPS:		
Net income	\$ <u>284,018</u>	<u>254,080</u>
Weighted-average number of common shares outstanding	<u>189,463</u>	<u>178,104</u>
Basic EPS (New Taiwan dollars)	\$ <u>1.50</u>	<u>1.43</u>

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

		<b>For the three months ended March 31</b>	
		<b>2020</b>	<b>2019</b>
Diluted EPS:			
Net income	\$	284,018	254,080
Influence of dilutive expenses		<u>76</u>	<u>2,423</u>
Net income for calculating diluted EPS	\$	<u><b>284,094</b></u>	<u><b>256,503</b></u>
Weighted-average number of common shares outstanding		189,463	178,104
Conversion of convertible bonds		<u>475</u>	<u>11,788</u>
Weighted-average number of common shares outstanding — diluted		<u><b>189,938</b></u>	<u><b>189,892</b></u>
Diluted EPS (New Taiwan dollars)	\$	<u><b>1.50</b></u>	<u><b>1.35</b></u>

(r) Revenues from contracts with customers

(i) Disaggregation of revenue

		<b>For the three months ended March 31</b>	
		<b>2020</b>	<b>2019</b>
Primary geographical markets:			
Thailand	\$	519,311	473,158
Samoa		148,198	490,017
Singapore		587,073	431,169
Korea		365,969	313,563
Other		<u>984,215</u>	<u>1,139,656</u>
	\$	<u><b>2,604,766</b></u>	<u><b>2,847,563</b></u>
Main product/service line			
Single-layer PCB sales	\$	142,263	-
Double-layer PCB sales		546,862	531,520
Multi-layer PCB sales		1,916,418	2,306,343
Other		5,068	9,510
Less: sales allowance		<u>(5,845)</u>	<u>190</u>
	\$	<u><b>2,604,766</b></u>	<u><b>2,847,563</b></u>

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

(ii) Remaining balances of contract

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Notes receivable	\$ 243	-	-
Accounts receivable	2,924,394	2,892,485	3,295,321
Less: loss allowance	(2,670)	(21,041)	(3,086)
Total	<u><u>\$ 2,921,967</u></u>	<u><u>2,871,444</u></u>	<u><u>3,292,235</u></u>

(s) Non-operating income and expenses

(i) Other income

The details of other income are as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest income	\$ 67	645
Income from cancellation of orders	4,226	5,468
Others	2,845	3,479
	<u><u>\$ 7,138</u></u>	<u><u>9,592</u></u>

(ii) Other gains and losses

The details of other gains and losses are as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Loss on disposal of property, plant and equipment	\$ (212)	(317)
Foreign exchange gain net	41,387	21,099
Valuation loss on financial assets (liabilities), net	(20,993)	(489)
Impairment loss	(3,188)	(2,936)
	<u><u>\$ 16,994</u></u>	<u><u>17,357</u></u>

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

(iii) Finance cost

The details of finance cost are as follows:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Interest expense on loans from banks	\$ 13,922	14,237
Interest expense on lease liabilities	2,388	4,388
Less: interest expense capitalized	(688)	(143)
Amortization of discount on bonds payable	63	2,589
	<u><u>\$ 15,685</u></u>	<u><u>21,071</u></u>

(t) Financial instruments

Except for the following, there were no significant changes in the credit risk and interest rate risk the Group was exposed to. Please refer to note 6(u) to the 2019 consolidated financial statements for related information.

(i) Credit risk

1) Risk exposure

The book value of financial assets represents the maximum risk exposure.

2) Concentration of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Group's customer base, including the default risk of the industry and country in which customers operate. The Group's accounts receivable are obviously concentrated on three main customers, which accounted for 35%, 40% and 45% of the total amount of notes and accounts receivable as of March 31, 2020, December 31, 2019, and March 31, 2019, respectively. As of March 31, 2020, December 31, 2019, and March 31, 2019, the Group's accounts receivable concentrated on three main customers were \$1,011,352 thousand, \$1,140,802 and \$1,482,421 thousand, respectively.

3) Credit risk of accounts receivable

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

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
<b>March 31, 2020</b>					
Non-derivative financial liabilities					
Secured bank loans	\$ 467,619	487,151	275,625	109,079	102,447
Unsecured bank loans	1,568,252	1,599,556	1,150,386	24,566	424,604
Lease liabilities	190,997	199,444	125,461	49,485	24,498
Convertible bonds payable (including derivative financial assets)	98	100	100	-	-
Notes and accounts payable	2,045,883	2,045,883	2,045,883	-	-
Other payables (including payables on equipment)	724,184	724,184	724,184	-	-
Long-term payable	55,048	55,048	-	19,707	35,341
Derivative financial liabilities					
Other forward contract—					
Outflow	20,356	20,356	20,356	-	-
	<u>\$ 5,072,437</u>	<u>5,131,722</u>	<u>4,341,995</u>	<u>202,837</u>	<u>586,890</u>
<b>December 31, 2019</b>					
Non-derivative financial liabilities					
Secured bank loans	\$ 465,045	485,818	224,187	120,184	141,447
Unsecured bank loans	1,535,717	1,575,499	1,128,841	21,438	425,220
Finance lease liabilities	244,360	255,774	152,807	69,781	33,186
Convertible bonds payable (including derivative financial assets)	17,781	18,300	18,300	-	-
Accounts payable	1,366,881	1,366,881	1,366,881	-	-
Other payables (including payables on equipment)	507,706	507,706	507,706	-	-
Long-term payable	11,033	11,033	-	11,033	-
Derivative financial liabilities					
Other forward contract—					
Inflow	3,290	3,290	3,290	-	-
	<u>\$ 4,151,813</u>	<u>4,224,301</u>	<u>3,402,012</u>	<u>222,436</u>	<u>599,853</u>

(Continued)



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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
<b>March 31, 2019</b>					
Non-derivative financial liabilities					
Secured bank loans	\$ 453,792	478,904	284,579	109,325	85,000
Unsecured bank loans	1,065,947	1,076,542	1,076,542	-	-
Lease liabilities	378,185	398,783	200,954	158,069	39,760
Convertible bonds payable (including derivative financial assets)	179,588	181,300	163,000	-	18,300
Accounts payable	2,524,042	2,524,042	2,524,042	-	-
Other payables (including payables on equipment)	573,261	573,261	573,261	-	-
Long-term payable	35,712	35,712	-	35,712	-
Derivative financial liabilities					
Other forward contract —					
Outflow	1,952	1,952	1,952	-	-
	<u>\$ 5,212,479</u>	<u>5,270,496</u>	<u>4,824,330</u>	<u>303,106</u>	<u>143,060</u>

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

(iii) Currency risk

1) Currency risk exposure

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

	<u>March 31, 2020</u>			<u>December 31, 2019</u>			<u>March 31, 2019</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Amount</u>
Financial assets									
Monetary items									
USD	\$ 87,099	30.01	2,614,151	82,119	30.25	2,483,899	96,711	30.68	2,967,082
Financial liabilities									
Monetary items									
USD	90,032	30.30	2,727,690	73,961	30.51	2,256,585	77,010	30.99	2,386,798

(Continued)

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

2) Sensitivity analysis

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

A 5% strengthening of the NTD and THB against the USD as at March 31, 2020 and 2019, would have increase (decreased) net profit before tax for the three months ended March 31, 2020 and 2019, by \$5,600 and \$(29,000), respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

3) Exchange gains and losses on monetary items

Due to the numerous type of functional currency of the Group, the Group disclose its exchange gains and losses of monetary items aggregately. The Company's exchange gains, including realized and unrealized, were \$41,387 and \$21,099 for the three months ended March 31, 2020 and 2019, respectively.

(iv) Interest rate analysis

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

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

If the interest rate had increased / decreased by 0.25%, the Group's net income would have decreased / increased by \$1,989 thousand and \$1,724 thousand for the three months ended March 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This was mainly due to the Group's borrowing at variable rates.

(Continued)

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

(v) Fair value information

1) Categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The book value and the fair value of financial assets and financial liabilities, including fair value hierarchy disclosures (excluding financial instruments in which their book value are not measured at fair value, but represent a reasonable approximation of their fair value, or when an equity instrument investment does not have a quoted market price in an active market and its fair value cannot be reliably measured, as disclosure for such instruments is not required), are as follows:

	March 31, 2020				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured of fair value through profit or loss					
Derivative financial assets — current	\$ 380	-	380	-	380
Financial assets measured at amortized cost					
Cash and cash equivalents	557,717	-	-	-	-
Note receivables	243	-	-	-	-
Accounts receivables	2,921,724	-	-	-	-
Other receivables	64,805	-	-	-	-
Refundable deposits	7,772	-	-	-	-
Other financial assets	6,232	-	-	-	-
Subtotal	3,558,493	-	-	-	-
Total	<u>\$ 3,558,873</u>	<u>-</u>	<u>380</u>	<u>-</u>	<u>380</u>
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities — current	\$ 20,356	-	20,356	-	20,356

(Continued)

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

		March 31, 2020			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Secured bank loans	\$ 467,619	-	-	-	-
Unsecured bank loans	1,568,252	-	-	-	-
Lease liabilities	190,997	-	-	-	-
Convertible bonds payable (including derivative financial assets)	98	-	-	-	-
Notes and accounts payable	2,045,883	-	-	-	-
Other payables (including payables on equipment)	724,184	-	-	-	-
Long-term payable	55,048	-	-	-	-
Subtotal	5,052,081	-	-	-	-
Total	<u>\$ 5,072,437</u>	<u>-</u>	<u>20,356</u>	<u>-</u>	<u>20,356</u>
		December 31, 2019			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured of fair value through profit or loss					
Derivative financial assets—current	\$ 3,474	-	3,474	-	3,474
Financial assets measured at amortized cost					
Cash and cash equivalents	299,901	-	-	-	-
Accounts receivables	2,871,444	-	-	-	-
Other receivables	35,726	-	-	-	-
Other financial assets	6,202	-	-	-	-
Refundable deposits	7,928	-	-	-	-
Subtotal	3,221,201	-	-	-	-
Total	<u>\$ 3,224,675</u>	<u>-</u>	<u>3,474</u>	<u>-</u>	<u>3,474</u>

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

December 31, 2019					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities — current	\$ 3,290	-	3,290	-	3,290
Financial liabilities measured at amortized cost					
Secured bank loans	465,045	-	-	-	-
Unsecured bank loans	1,535,717	-	-	-	-
Finance lease liabilities	244,360	-	-	-	-
Convertible bonds payable (including derivative financial assets)	17,781	-	-	-	-
Accounts payable	1,366,881	-	-	-	-
Other payables (including payables on equipment)	507,706	-	-	-	-
Long-term payable	11,033	-	-	-	-
Subtotal	4,148,523	-	-	-	-
Total	<u>\$ 4,151,813</u>	<u>-</u>	<u>3,290</u>	<u>-</u>	<u>3,290</u>
March 31, 2019					
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured of fair value through profit or loss					
Derivative financial assets — current	\$ 5,633	-	5,633	-	5,633
Financial assets measured at amortized cost					
Cash and cash equivalents	446,747	-	-	-	-
Accounts receivables	3,292,235	-	-	-	-
Other receivables	54,915	-	-	-	-
Refundable deposits	8,077	-	-	-	-
Subtotal	3,801,974	-	-	-	-
Total	<u>\$ 3,807,607</u>	<u>-</u>	<u>5,633</u>	<u>-</u>	<u>5,633</u>

(Continued)

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

	March 31, 2019				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured of fair value through profit or loss					
Derivative financial liabilities—current	\$ <u>1,952</u>	-	1,952	-	<u>1,952</u>
Financial liabilities measured at amortized cost					
Secured bank loans	453,792	-	-	-	-
Unsecured bank loans	1,065,947	-	-	-	-
Lease liabilities	378,185	-	-	-	-
Convertible bonds payable (including derivative financial assets)	179,588	-	-	-	-
Accounts payable	2,524,042	-	-	-	-
Other payables (including payables on equipment)	573,261	-	-	-	-
Long-term payable	<u>35,712</u>	-	-	-	-
Subtotal	<u>5,210,527</u>	-	-	-	-
Total	<u>\$ 5,212,479</u>	-	<u>1,952</u>	-	<u>1,952</u>

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

- i) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: cash and cash in bank, accounts receivable and payable (including related parties), other receivables and payables (including related parties), refundable deposits, other financial assets, short-term loans, and payables for machinery and equipment.
- ii) The fair value of convertible bonds is estimated using a valuation model, but the fair value of convertible bonds is not necessarily equal to future cash outflow.

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

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

b) Derivative financial instruments

Forward exchange contracts were usually estimated by the current forward exchange rates of the transaction banks. The fair value of convertible bond options, redemption rights, and put options was estimated using an external expert's valuation reports.

(u) Financial risk management

There were no significant changes in the objectives and policies concerning the financial risks the Group was exposed to. Please refer to note 6(v) to the 2019 consolidated financial statements for related information.

(v) Capital management

The purpose, policy, procedures, and summarized quantitative data of the Group's capital management were the same as those disclosed in the 2019 consolidated financial statements. Please refer to note 6(w) to the 2019 consolidated financial statements for related information.

(w) Non-cash investing and financing activities

For the three months ended March 31, 2020 and 2019, the Group's non-cash investing and financing activities were derived from the acquisition of machinery and equipment and right-of-use asset through finance leasing, as well as the conversion of convertible bonds into common stock. Please refer to notes 6(l), (m) and (p) for related information.

Reconciliation of liabilities from financing activities are as follows:

	January 1, 2020	Obtained from acquisition	Cash flows	Non-cash changes				March 31, 2020
				Acquisition/ cancellation of contracts	Translation effect	Amortization of discount	Conversion	
Long-term loans	\$ 1,101,544	-	(263,000)	-	(46,193)	-	-	792,351
Short-term loans	899,218	132,192	312,686	-	(100,576)	-	-	1,243,520
Lease liabilities	244,360	169	(39,724)	5,136	(18,944)	-	-	190,997
Corporate bonds payable	17,797	-	-	-	-	63	(17,762)	98
Total liabilities from financing activities	<u>\$ 2,262,919</u>	<u>132,361</u>	<u>9,962</u>	<u>5,136</u>	<u>(165,713)</u>	<u>63</u>	<u>(17,762)</u>	<u>2,226,966</u>

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

	January 1, 2019	Cash flows	Acquisition of contracts	Translation effect	Non-cash changes Amortization of discount	Conversion	March 31, 2019
Long-term loans	\$ 847,112	(173,340)	-	15,673	-	-	689,445
Short-term loans	1,287,170	(487,031)	-	30,155	-	-	830,294
Lease liabilities	417,659	(53,570)	765	13,331	-	-	378,185
Corporate bonds payable	654,595	-	-	-	2,589	(477,596)	179,588
Total liabilities from financing activities	<u>\$ 3,206,536</u>	<u>(713,941)</u>	<u>765</u>	<u>59,159</u>	<u>2,589</u>	<u>(477,596)</u>	<u>2,077,512</u>

**(7) Related-party transactions:**

(a) Parent Company and ultimate controlling party

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

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
APS	The entity's chairman is the second immediate family of the chairman of the Company (note)
Wang Chin Shin	The second immediate family of the chairman of the Company
Wang Chang Tao	The second immediate family of the chairman of the Company
Wang Chong Hsien	The second immediate family of the chairman of the Company
Wang Shu Mu	Chairman of the Company

Note: The Group has acquired 99.99% shares of APS on January 1, 2020.

(c) Significant transactions with related parties

(i) Payables

The amounts of payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other payables	Other related parties	<u>\$ -</u>	<u>-</u>	<u>34</u>

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

(ii) Acquisitions of share

In order to improve the diversification of production line of the Group, the Board of Directors has approved to acquire 99.99% shares of APS with total amount of \$277,485 thousand (THB 274,983 thousand). 91% of the total acquired shares were purchased from related parties for \$252,512 thousand (THB 250,235 thousand). The total amounts that the Group paid to related party are summarized as below:

	<b>2020.1.1~ 2020.3.31</b>	<b>2019.10.3~ 2019.12.31</b>	<b>Total</b>
Wang Chin Shin	\$ 57,843	28,455	86,298
Wang Chang Tao	28,255	13,895	42,150
Wang Chong Hsien	83,163	40,901	124,064
Total	<u><u>\$ 169,261</u></u>	<u><u>83,251</u></u>	<u><u>252,512</u></u>

The Group has prepaid \$83,251 thousand (THB 82,500 thousand) as of December 31, 2019 and it was recognized as prepayment of investment. The payment of residual amount \$169,261 thousand (THB 167,735 thousand) and transfer of shares has been completed in January 2020.

(iii) Leases

The Group rent its office from the other related party for the three months ended March 31, 2019. The Group applied IFRS 16, with the date of initial application on January 1, 2019. This lease transaction recognized the additional amounts of \$987 thousand for both right-of-use assets and lease liabilities. As of March 31, 2019, the balance of lease liabilities amounted to \$897 thousand. The Group no longer has the need to rent its office from a related party, therefore, the lease had been terminated in May 2019. As of March 31, 2019, all lease liabilities had been fully paid, resulting in the Group to recognize the amount of \$12 thousand as interest expense.

The Group did not rent office from the other related party for the three month ended March 31, 2020.

(iv) Guarantee

For the three months ended March 31, 2020 and 2019, chairman of the Company provided credit guarantees to the Group for short-term and long-term loans.

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

(d) Management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 9,972	8,268
Post-employment benefits	231	263
Other long-term benefits	1	1
	<u>\$ 10,204</u>	<u>8,532</u>

(8) Pledged assets:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Other financial assets				
— non-current:				
Restricted bank deposits	Long-term loans	\$ 6,232	6,202	-
Property, plant, and equipment:				
Land	Long-term and short-term loans	220,491	240,591	231,102
Buildings	Long-term and short-term loans	1,205,107	1,267,882	1,262,547
Machinery and equipment	Long-term short-term loans and electricity guarantee	1,283,191	1,433,903	1,275,767
Office equipment	Long-term and short-term loans	25,523	28,363	28,584
Total		<u>\$ 2,740,544</u>	<u>2,976,941</u>	<u>2,798,000</u>

(9) Commitments and contingencies:

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

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>
Acquiring property, plant and equipment	\$ 868,325	120,283	87,942
Long-term commitments	124,505	53,228	82,106
Acquiring shares of investee	-	195,406	-
Total	<u>\$ 992,830</u>	<u>368,917</u>	<u>170,048</u>

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

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Letters of credit	\$ <u>179,552</u>	<u>35,074</u>	<u>77,579</u>

- (c) Guarantees provided by banks were as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Electricity guarantee	\$ <u>81,239</u>	<u>84,079</u>	<u>78,949</u>

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

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

Function  Account	For the three months ended March 31					
	2020			2019		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	343,425	75,334	418,759	377,348	59,276	436,624
Health insurance	-	408	408	-	379	379
Pension	1,462	1,657	3,119	1,511	1,101	2,612
Remuneration to directors	-	180	180	-	180	180
Other personnel expense	33,346	11,915	45,261	37,408	13,246	50,654
Depreciation	156,773	28,154	184,927	163,696	17,094	180,790
Amortization	1,460	2,263	3,723	1,777	1,729	3,506

Note: For the three months ended March 31, 2020 and 2019, amortized deferred revenue amounting to \$0 thousand and \$8 thousand, respectively, were excluded from the depreciation.

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

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

**(13) Other disclosures:**

(a) Information on significant transactions:

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the three months ended March 31, 2020:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
1	The Company	Apex Circuit (Thailand)	(Note 1)	21,106,032 (Note 2)	4,830,795	4,589,653	2,053,677	-	65.24 %	21,106,032 (Note 3)	Y	N	N
2	The Company	APS	(Note 1)	21,106,032 (Note 2)	138,465	138,465	64,617	-	1.97 %	21,106,032 (Note 3)	Y	N	N
3	Apex Circuit (Thailand)	The Company	(Note 1)	3,738,404 (Note 4)	1,091,880	1,089,144	423,556	-	15.48 %	3,738,404 (Note 5)	N	Y	N

Note 1: Apex Circuit (Thailand) is a more than 50% directly owned equity investee of the Company

Note 2: If it was approved by Board of Directors, the guarantee limit shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity. However the guarantee amount is still limited to 300% of the Company's latest financial statements

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

Note 4: The guarantee limit for the guarantee provided to any individual company shall not exceed 50% of Apex Circuit (Thailand)'s net worth

Note 5: Total amount of the guarantee provided by Apex Circuit (Thailand) is limited to 50% of its net worth

- (iii) Securities held as of March 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: None.
- (ix) Information regarding trading in derivative financial instruments: None. 6(b) and (l)
- (x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	AET	Apex Circuit (Thailand) Co., Ltd.	3	Sales	24,560	No Comparison	0.94%
1	AET	Apex Circuit (Thailand) Co., Ltd.	3	Accounts receivable	30,241	No Comparison	0.25%
1	AET	APS	3	Sales	1,740	No Comparison	0.07%
1	AET	APS	3	Accounts receivable	1,758	No Comparison	0.01%
2	APS	Apex Circuit (Thailand) Co., Ltd.	3	Sales	1,486	No Comparison	0.06%
2	APS	Apex Circuit (Thailand) Co., Ltd.	3	Accounts receivable	1,525	No Comparison	0.01%

Note 1: 1. 0 represents parent company.

2. 1 and thereafter represent subsidiary companies.

Note 2: 1. Parent company to subsidiary company.

2. Subsidiary company to parent company.

3. Subsidiary company to subsidiary company

(Continued)

## APEX INTERNATIONAL CO., LTD.

### Notes to Consolidated Interim Financial Statements

Note 3: Transactions between subsidiaries have been eliminated during preparation of the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2020:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2020			Net income (losses) of investee (Note 1)	Share of profits/losses of investee (Notes 1 and 2)	Note
				March 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value (Notes 1 and 2)			
Apex International Co., Ltd.	Apex Circuit (Thailand) Co., Ltd.	Thailand	PCB (printed circuit board) manufacturing and sales	3,311,762	3,311,762	143,194	99.58 %	7,445,392	298,881	297,623	
Apex International Co., Ltd.	AET	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00 %	9,246	(45)	177	
Apex Circuit (Thailand) Co., Ltd.	APS	Thailand	PCB (printed circuit board) manufacturing and sales	277,485	-	32	99.99 %	129,727	(9,124)	(9,123)	
APS	APSG	Singapore	PCB sales development	8,195	-	380	100.00 %	7,384	(319)	(319)	

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

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

(c) Information on investment in China:

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

Unit: in thousands of dollars												
Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020 (Note 4)	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2020 (Note 4)	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) (Notes 2 and 3)	Book value (Notes 2 and 3)	Accumulated remittance of earnings in current period
					Outflow (Note 4)	Inflow (Note 4)						
APC	Import/export of PCB (printed circuit board)	-	2	-	-	-	-	(387) (RMB(90))	99.58 %	(385) (RMB(90))	(387) (RMB(90))	-

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

- (1) Direct investment in China.
- (2) Direct investment in Thailand (Apex Circuit Co., Ltd.) prior to investing in China.
- (3) Other methods.

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

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

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

Note 5: The book value at end of year are calculated by using the exchange rate on March 31, 2020 (BS exchange rate RMB:TWD=1:4.3006). The net income (loss) of the investee company and investment gains (losses) recognized by the parent company are calculated by the average exchange rate (IS exchange rate RMB:TWD=1:4.3100.)

(ii) Limitation on investment in China: None.

(iii) Significant transactions: None.

(Continued)

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lu Yan Xian		14,800	7.79 %

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

**(14) Segment information:**

The information on operating segments of the Group is as follows:

	For the three months ended March 31			
	2020			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 2,604,766	-	-	2,604,766
Revenue from transactions with other operating segments	1,486	26,300	(27,786)	-
Total revenue	<u>\$ 2,606,252</u>	<u>26,300</u>	<u>(27,786)</u>	<u>2,604,766</u>
Segment's profit or loss	<u>\$ 304,721</u>	<u>(14,535)</u>	<u>(3,425)</u>	<u>286,761</u>
	For the three months ended March 31			
	2019			
	Thailand	Other	Adjustments and eliminations	Total
Revenue				
Revenue from external customers	\$ 2,847,563	-	-	2,847,563
Revenue from transactions with other operating segments	-	35,499	(35,499)	-
Total revenue	<u>\$ 2,847,563</u>	<u>35,499</u>	<u>(35,499)</u>	<u>2,847,563</u>
Segment's profit or loss	<u>\$ 277,509</u>	<u>(9,465)</u>	<u>(443)</u>	<u>267,601</u>

For the three months ended March 31, 2020 and 2019, the adjustments and eliminations of operating segments' profit were \$(3,425) thousand and \$(443) thousand, respectively.