SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2019 AND 2018

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

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To SINBON Electronics Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of SINBON Electronics Co., Ltd. (the "Company") and its subsidiaries as of 30 September 2019 and 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018, and consolidated statements of changes in equity and cash flows for the nine-month periods ended 30 September 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these 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" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflected total assets of NT$4,292,815 thousand and NT$3,255,782 thousand, constituting 27% and 24% of the consolidated total assets, and total liabilities of NT$1,613,747 thousand and NT$987,361 thousand, constituting 20% and 14% of the consolidated total liabilities as of 30 September 2019 and 2018, respectively; and total comprehensive income of NT$43,875 thousand, NT$26,704 thousand, NT$101,220 thousand and NT$89,903 thousand, constituting 12%, 8%, 8% and 8% of the consolidated total comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively. As explained in Note 6(8), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT$354,838 thousand and NT$354,581 thousand as of 30 September 2019 and 2018, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$32,911 thousand, NT$22,492 thousand, NT$64,370 thousand and NT$43,628 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$6,989 thousand, NT$(734) thousand, NT$33,330 thousand and NT$156 thousand for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively. The information related to the above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method been reviewed by independent accountants, 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 the Company and its subsidiaries as at 30 September 2019 and 2018, and their consolidated financial performance and cash flows for the three-month and nine-month periods ended 30 September 2019 and 2018, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Emphasis of Matter – Application of New Accounting Standards

As described in Note 3 of the consolidated financial statements, the Company and its subsidiaries applied the International Financial Reporting Standard 16, "Lease" starting 1 January 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

/s/Huang, Tzu Ping

/s/Chen, Ming Hung

Ernst & Young, Taiwan
25 October 2019

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
30 September 2019, 31 December 2018 and 30 September 2018 (30 September 2019 and 2018 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

		As of		
Assets	Notes	30 September 2019	31 December 2018	30 September 2018
Current assets				
Cash and cash equivalents	4,6(1)	$2,461,511	$2,625,021	$2,668,697
Financial assets at fair value through profit or loss, current	4,6(2)	173,985	171,099	61,947
Notes receivable, net	4,6(3)	944,037	468,086	347,961
Accounts receivable, net	4,6(4)	4,781,899	4,125,261	4,359,278
Other receivables		186,124	182,290	150,929
Current income tax assets	4	-	-	61,450
Inventories	4,6(5)	3,639,081	3,527,954	2,942,167
Prepayments		154,095	245,042	192,725
Other current assets		40,725	16,795	26,468
Total current assets		12,381,457	11,361,548	10,811,622
Non-current assets				
Financial assets at fair value through other comprehensive income, noncurrent	4,6(6)	307,768	276,727	283,392
Investments accounted for under the equity method	4,6(7)	354,838	354,103	354,581
Property, plant and equipment	4,6(8)	2,082,609	1,854,001	1,688,981
Right-of-use assets	4,6(17)	143,320	-	-
Other intangible assets		95,993	94,820	80,120
Deferred tax assets	4	122,368	82,937	92,558
Other non-current assets	4,6(9)	319,471	177,400	203,182
Total non-current assets		3,426,367	2,839,988	2,702,814
Total assets		$15,807,824	$14,201,536	$13,514,436

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
30 September 2019, 31 December 2018 and 30 September 2018 (30 September 2019 and 2018 are unaudited)
(Expressed in Thousands of New Taiwan Dollars)

		As of		
Liabilities and Equity	Notes	30 September 2019	31 December 2018	30 September 2018
Current liabilities				
Short-term loans	4,6(10)	$2,744,843	$1,804,995	$1,844,316
Contract liabilities,current	4,6(15)	372,856	328,405	253,476
Notes payable		210,015	210,226	187,180
Accounts payable	7	3,185,119	3,127,462	2,908,933
Other payables		882,317	875,407	874,865
Current tax liabilities	4	154,763	192,591	165,065
Lease liabilities,current	4,6(17)	42,351	-	-
Current portion of bonds payable	4,6(11)	16,723	404,554	468,938
Current portion of long-term loans		2,242	2,395	1,332
Other current liabilities		57,263	35,537	39,211
Total current liabilities		7,668,492	6,981,572	6,743,316
Non-current liabilities				
Long-term loans	4	10,129	7,646	3,935
Deferred tax liabilities	4	409,098	298,241	199,835
Long-term deferred revenue	4,6(12)	14,832	15,505	15,470
Net defined benefit obligation, noncurrent	4	87,303	88,510	89,296
Lease liabilities,noncurrent	4,6(17)	63,018	-	-
Other non-current liabilities-others		3,435	13,430	2
Total non-current liabilities		587,815	423,332	308,538
Total liabilities		8,256,307	7,404,904	7,051,854
Equity attributable to the parent company				
Capital	6(14)			
Common stock		2,292,974	2,257,273	2,254,162
Certificates of bond-to-stock conversion		32,263	9,681	3,111
Subtotal		2,325,237	2,266,954	2,257,273
Additional Paid-in Capital	6(14)	1,218,888	904,086	847,697
Retained earnings				
Legal reserve		1,108,150	966,802	966,802
Special reserve		341,933	233,441	233,441
Unappropriated earnings		2,691,840	2,543,293	2,316,309
Subtotal		4,141,923	3,743,536	3,516,552
Other components of equity	4			
Exchange differences on translation of foreign operations		(462,713)	(333,087)	(362,472)
Unrealized gains or losses measured at fair value through other comprehensive income		61,841	(8,846)	(7,043)
Subtotal		(400,872)	(341,933)	(369,515)
Non-controlling interests	4,6(14)	266,341	223,989	210,575
Total equity		7,551,517	6,796,632	6,462,582
Total liabilities and equity		$15,807,824	$14,201,536	$13,514,436

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended 30 September 2019 and 2018

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

		3-month periods ended 30 September		9-month periods ended 30 September	
	Notes	2019	2018	2019	2018
Operating revenues	4,6(15),7	$5,032,980	$4,392,642	$13,872,781	$11,819,632
Operating costs	6(5.18),7	(3,748,653)	(3,296,966)	(10,315,998)	(8,878,716)
Gross profit-net		1,284,327	1,095,676	3,556,783	2,940,916
Operating expenses	6(18),7				
Sales and marketing expenses		(273,255)	(163,004)	(725,318)	(595,646)
General and administrative expenses		(270,084)	(235,679)	(736,716)	(671,909)
Research and development expenses		(168,752)	(147,756)	(504,590)	(434,675)
Expected credit gains (loss)	4,6(16)	4	1,106	(464)	(1,301)
Subtotal		(712,087)	(545,333)	(1,967,088)	(1,703,531)
Operating income		572,240	550,343	1,589,695	1,237,385
Non-operating income and expenses	6(19)				
Other income		97,193	48,255	206,404	149,844
Other gains and losses		25,675	28,982	43,862	118,782
Finance costs		(12,605)	(10,420)	(34,224)	(27,714)
Share of profit or loss of associates and joint ventures	4,6(7)	32,911	22,492	64,370	43,628
Subtotal		143,174	89,309	280,412	284,540
Income from continuing operations before income tax		715,414	639,652	1,870,107	1,521,925
Income tax expense	4,6(21)	(167,303)	(169,079)	(464,143)	(360,318)
Net income		548,111	470,573	1,405,964	1,161,607
Other comprehensive income (loss)	6(20)				
Items that may not be reclassified to profit or loss					
Unrealized gains on equity instruments measured at fair value through other comprehensive income		3,274	(8,028)	37,357	110,151
Unrealized gains on equity instruments measured at fair value through other comprehensive income of associates and joint ventures	6(7)	6,989	(734)	33,330	156
Income tax related to items that may not be reclassified subsequently		-	-	-	1,390
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(220,577)	(175,110)	(166,747)	(143,162)
Income tax related to items that may be reclassified subsequently		42,420	34,177	35,026	30,515
Total other comprehensive income (loss), net of tax		(167,894)	(149,695)	(61,034)	(950)
Total comprehensive income		$380,217	$320,878	$1,344,930	$1,160,657
Net income attributable to:	4,6(22)				
Stockholders of the parent		$550,542	$480,120	$1,425,009	$1,185,557
Non-controlling interests		(2,431)	(9,547)	(19,045)	(23,950)
		$548,111	$470,573	$1,405,964	$1,161,607
Comprehensive income (loss) attributable to:					
Stockholders of the parent		$385,753	$329,139	$1,366,070	$1,186,675
Non-controlling interests		(5,536)	(8,261)	(21,140)	(26,018)
		$380,217	$320,878	$1,344,930	$1,160,657
Earnings per share (NTD)	4,6(22)				
Earnings per share-basic		$2.38	$2.13	$6.22	$5.26
Earnings per share-diluted		$2.36	$2.07	$6.12	$5.12

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended 30 September 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company											
	Capital			Retained earnings			Other components of equity					
	Common stock	Certificates of Bond-to-Stock Conversion	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains (Losses) on Equity Instruments Measured at Fair Value Through Other Comprehensive Income	Unrealized Gain or Loss on Available-For-Sale Financial Assets	Total	Non-Controlling Interests	Total Equity
Balance as of 1 January 2018	$2,254,162	$-	$830,265	$844,155	$181,024	$2,208,472	$(251,893)	$ -	$18,452	$6,084,637	$211,619	$6,296,256
Impact of retroactive applications						825		(120,557)	(18,452)	(138,184)		(138,184)
Adjusted balance as of 1 Janurary 2018	2,254,162	-	830,265	844,155	181,024	2,209,297	(251,893)	(120,557)	-	5,946,453	211,619	6,158,072
Appropriation and distribution of 2017 retained earnings												
Legal reserve				122,647		(122,647)				-		-
Special reserve					52,417	(52,417)				-		-
Cash dividends						(901,664)				(901,664)		(901,664)
Other changes in additional paid-in capital												
From differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries			(520)							(520)		(520)
Net income for the nine-month period ended 30 September 2018						1,185,557				1,185,557	(23,950)	1,161,607
Other comprehensive income (loss), net of tax for the nine-month period ended 30 September 2018						1,390	(110,579)	110,307		1,118	(2,068)	(950)
Total comprehensive income (loss)	-	-	-	-	-	1,186,947	(110,579)	110,307	-	1,186,675	(26,018)	1,160,657
Increase in non-controlling interests											24,974	24,974
Disposal of financial assets at fair value through other comprehensive income						(3,207)		3,207		-		-
Bonds converted to stock		3,111	17,952							21,063		21,063
Balance as of 30 September 2018	$2,254,162	$3,111	$847,697	$966,802	$233,441	$2,316,309	$(362,472)	$(7,043)	$ -	$6,252,007	$210,575	$6,462,582
Balance as of 1 January 2019	$2,257,273	$9,681	$904,086	$966,802	$233,441	$2,543,293	$(333,087)	$(8,846)	$ -	$6,572,643	$223,989	$6,796,632
Appropriation and distribution of 2018 retained earnings												
Legal reserve				141,348		(141,348)				-		-
Special reserve					108,492	(108,492)				-		-
Cash dividends						(1,026,622)				(1,026,622)		(1,026,622)
Other changes in additional paid-in capital												
Disposal of investments accounted for under the equity method			(16,444)							(16,444)		(16,444)
Net income for the nine-month period ended 30 September 2019						1,425,009				1,425,009	(19,045)	1,405,964
Other comprehensive income (loss), net of tax for the nine-month period ended 30 September 2019							(129,626)	70,687		(58,939)	(2,095)	(61,034)
Total comprehensive income (loss)	-	-	-	-	-	1,425,009	(129,626)	70,687	-	1,366,070	(21,140)	1,344,930
Increase in non-controlling interests											63,492	63,492
Bonds converted to stock	35,701	22,582	331,246							389,529		389,529
Balance as of 30 September 2019	$2,292,974	$32,263	$1,218,888	$1,108,150	$341,933	$2,691,840	$(462,713)	$61,841	$ -	$7,285,176	$266,341	$7,551,517

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine-month periods ended 30 September 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	9-month periods ended 30 September	
	2019	2018
Cash flows from operating activities:		
Net income before tax	$1,870,107	$1,521,925
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Income and expense adjustments:		
Depreciation	203,193	118,754
Amortization	37,156	30,069
Interest expense	34,224	27,714
Interest income	(9,113)	(6,326)
Dividends income	(21,397)	(18,117)
Expected credit loss	464	1,301
Impairment loss on non-financial assets	1,403	-
Share of profit of associates and joint ventures	(64,370)	(43,628)
Loss on disposal of property, plant and equipment	4,826	3,676
Loss on disposal of investments	(4,847)	-
Gain of financial assets/ liabilities at fair value through profit or loss	(7,408)	(50,078)
Changes in operating assets and liabilities:		
(Increase) Decrease in notes receivable	(475,951)	41,839
Increase in accounts receivable	(601,046)	(1,276,019)
Decrease in other receivables	6,234	16,592
Increase in inventories, net	(20,112)	(249,873)
Decrease (increase) in prepayments	91,869	(12,546)
Increase in other current assets	(23,930)	(18,917)
Increase in other noncurrent assets	(213,095)	(156,325)
(Decrease) increase in notes payable	(211)	77,069
(Decrease) increase in accounts payable	(5,505)	298,086
Increase in contract liabilities	44,451	100,163
(Decrease) increase in other payables	(24,225)	91,458
Increase in other current liabilities	12,232	12,473
Decrease in accrued pension liabilities	(1,207)	-
Cash generated from operations	833,742	509,290
Interest received	9,190	6,312
Dividends received	21,397	18,117
Interest paid	(30,126)	(21,093)
Income tax paid	(395,519)	(356,287)
Net cash provided by operating activities	438,684	156,339

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

SINBON ELECTRONICS CO., LTD. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

For the nine-month periods ended 30 September 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	9-month periods ended 30 September	
	2019	2018
Cash flows from investing activities:		
Net cash outflow from acquisition of subsidiaries (Note 6(25))	$(24,019)	$-
Acquisition of financial assets at fair value through other comprehensive income	-	(646)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	189,004
Decrease in financial assets at fair value through other comprehensive income	4,592	1,995
Proceeds from disposal of financial assets at fair value through profit or loss	4,476	10,762
Decrease in investments accounted for under the equity method	-	17,600
Acquisition of property, plant and equipment	(281,176)	(193,096)
Proceeds from disposal of property, plant and equipment	7,477	1,151
Decrease (increase) in other intangible assets	(1,173)	6,409
Dividends received from investee company	52,708	45,602
Acquisition of non-controlling interests	-	(1,426)
Net cash provided by (used in) investing activities	(237,115)	77,355
Cash flows from financing activities:		
Increase in short-term loans	865,279	249,692
(Decrease) increase in long-term loans (include current portion)	(6,967)	5,267
Cash dividends	(1,026,622)	(901,664)
Decrease in deposits received	(9,995)	-
Decrease in long-term deferred revenue	(281)	(285)
Cash payments for the principal portion of lease liability	(48,225)	-
Net cash used in financing activities	(226,811)	(646,990)
Effect of exchange rate changes on cash and cash equivalents	(138,268)	(43,194)
Net decrease in cash and cash equivalents	(163,510)	(456,490)
Cash and cash equivalents at beginning of period	2,625,021	3,125,187
Cash and cash equivalents at end of period	$2,461,511	$2,668,697

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

1. History and organization

SINBON Electronics Co., Ltd. ("the Company") was incorporated in Republic of China (R.O.C) in December 1989. The main activities of the Company include manufacturing and selling computer peripherals, connectors, wires and other parts. The shares of the Company commenced trading on Taiwan's Over-the-Counter Market in May 2001 and were listed on the Taiwan Stock Exchange in August 2002.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended 30 September 2019 and 2018 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on 25 October 2019.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2019. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

(1) *IFRS 16 " Leases*

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group followed the transition provision in IFRS 16 and the date of initial application was 1 January 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

A. Please refer to Note 4 for the accounting policies before or after 1 January 2019.

B. For the definition of a lease, the Group elected not to reassess whether a contract was, or contained, a lease on 1 January 2019. The Group was permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after 1 January 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and has no significant impact arised.

C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019, and; the Group chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on 1 January 2019; or

ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

The Group expects the right-of-use asset will increase by NT$90,771 thousand and the lease liability will increase by NT$90,771 thousand on 1 January 2019.

Besides, on 1 January 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the rental prepayment NT$1,021 thousand and long-term rental prepayment of NT$36,355 thousand to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before 1 January 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of 1 January 2019.
iv. Exclude initial direct costs from the measurement of the right-of-use asset on 1 January 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Leases previously classified as finance leases

None.

(c)Please refer to Note 4, Note 5 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d)At the date 1 January 2019, the impacts arising from the initialadoption of IFRS 16 on the Group are summarized as follows:

i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on 1 January 2019 was 0.70%~5.05%.

ii. The explanation for the difference of NT$2,731 thousand between: 1) operating lease commitments disclosed applying IAS 17 as at 31 December 2018, discounted using the incremental borrowing rate on 1 January 2019; and 2) lease liabilities recognized in the balance sheet as at 1 January 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at 31 December 2018	$95,492
Discounted using the incremental borrowing rate on 1 January 2019	$93,502
Less:adjustment to leases that meet and elect to account in the same way as short-term leases	(2,731)
The carrying value of lease liabilities recognized as at 1 January 2019	$90,771

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Definition of a Business - Amendments to IFRS 3	1 January 2020
b	Definition of Material - Amendments to IAS 1 and 8	1 January 2020

(a) Definition of a Business - Amendments to IFRS 3

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

(b) Definition of a Material - Amendments to IAS 1 and 8

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2020. The standards and interpretations have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 Insurance Contracts	1 January 2021
c	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	1 January 2020

(a) IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(b) IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

(c) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

(1) highly probable requirement
When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

(2) prospective assessments
When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

(3)IAS 39 retrospective assessment
An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

(4)separately identifiable risk components
For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of Compliance

The consolidated financial statements of the Group for the nine-month periods ended 30 September 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (NT$) unless otherwise stated.

(3) Basis of Consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary
(b) derecognizes the carrying amount of any non-controlling interest
(c) recognizes the fair value of the consideration received
(d) recognizes the fair value of any investment retained
(e) recognizes any surplus or deficit in profit or loss
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			30 September 2019	31 December 2018	30 September 2018	
The Company	SINBON International Enterprise Co., Ltd. (SB BVI)	Holding company	100.00%	100.00%	100.00%	
The Company	Hong Kong SINBON Electronics Co., Ltd. (HKSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
The Company	Super Elite Ltd. (SEL)	General investment	-	64.48%	64.48%	Note1
The Company	Kwan-Ze Corporation Ltd. (Kwan-Ze)	Selling a wide variety of electronic materials and holding company	100.00%	100.00%	100.00%	
The Company	SINBON USA L.L.C. (SINBON USA)	Logistic center	100.00%	100.00%	100.00%	
The Company	Beijing SINBON Tongan Electronics Co., Ltd.(BJSB Tongan)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
The Company	SINBON Europe GmbH (SINBON Europe)	Logistic center	100.00%	100.00%	100.00%	
The Company	Radbon Avionics Inc. (Radbon)	Selling signal cables and cabin wiring.	55.00%	55.00%	55.00%	
The Company	T-CONN Precision Co., Ltd.(T-CONN)	Manufacturing and selling a wide variety of connectors, wires and cables	62.52%	62.52%	64.48%	Note2
BVI	Jiangyin SINBON Electronics Co., Ltd. (JYSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
BVI	Shenzhen SINBON Electronics Co., Ltd. (SZSB)	Selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
BVI	Shanghai SINBON Electronics Co., Ltd. (SHSB)	Selling a wide variety of connectors and cables	100.00%	100.00%	100.00%	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of ownership (%)			Note
			30 September 2019	31 December 2018	30 September 2018	
BVI	Tong Cheng SINBON Electronics Co., Ltd. (TCSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
T-CONN	T-CONN Precision (Zhongshan) Co., Ltd.(T-CONN Zhongshan)	Manufacturing and selling a wide variety of connectors, wires and cables	62.52%	62.52%	64.48%	Note2
T-CONN	Super Progressive Ltd. (SPL)	Logistic center	62.52%	62.52%	64.48%	Note2
BJSB Tongan	Beijing SINBON Electronics Co., Ltd. (BJSB)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	Note3
BJSB Tongan	Jiangsu ENMAGIC Energy Co., Ltd. (JSEM)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	100.00%	100.00%	
JSEM	Kunshan ENMAGIC Energy Co., Ltd. (KSEM)	Manufacturing and selling a wide variety of connectors, wires and cables	100.00%	-	-	Note4
SINBON USA	Worldwide Wire Harnesse Co., Ltd.(SST)	Holding Company	50.00%	50.00%	50.00%	Note5
SINBON USA	SINBON Circuits & Cables LLC (C&C)	Manufacturing and selling a wide variety of connectors, wires and cables	51.00%	40.00%	40.00%	Note6
SST	SINBON Technologies Tennessee L.L.C. (STT)	Logistic Center	50.00%	50.00%	50.00%	
SINBON Europe	SINBON Holding GmbH (SINBON Elcotronic)	Holding company	51.00%	51.00%	51.00%	
SINBON Electronic	SINBON Hungary Kft (ET Hungary)	Manufacturing and selling a wide variety of connectors, wires and cables	51.00%	51.00%	51.00%	
SINBON Electronic	SINBON Germany GmbH (ET Germany)	Logistic center	51.00%	51.00%	51.00%	

Note 1: SEL was closed down on 19 June 2019. The Group will not incorporate SEL's gain or loss in its consolidated financial statement from the day the Group ceased to have control over SEL.

Note 2: In 2018, T-CONN raised capital; however, the Group did not acquire shares according to the shareholding percentage. Therefore, its ownership dropped from 64.48% to 62.52%.

Note 3: Since 5 September 2018, after signing the transfer agreement, the shareholders' rights and obligations of BJSB have been transferred to BJSB Tongan. On 2 January 2019, the change of registration was completed and approved by SAIC.

Note 4: On 9 January 2019, the Group newly invested RMB 3,000 thousand to found KSEM, and the Group had obtained full control of the Group. Accordingly, KSEM was consolidated.

Note 5: SST and STT were originally held by the Group. They are now held by SINBON USA due to the transfer of equity structure in the fourth quarter of 2018.

Note 6: On 10 January 2019, the Group invested additional USD 1,100 thousand in C&C and increased the shareholding percentage to 51%. Accordingly, C&C was consolidated.

The financial statements of some of the consolidated subsidiaries listed above had not been reviewed by auditors. As of 30 September 2019 and 30 September 2018, the related assets of the subsidiaries which were unreviewed by auditors amount to NT$4,292,815 thousand and NT$3,255,782 thousand, respectively, and the related liabilities amount to NT$1,613,747 thousand and NT$987,361 thousand, respectively. The comprehensive income of these subsidiaries amount to NT$43,875 thousand, NT$26,704 thousand, NT$101,220 thousand and NT$89,903 thousand for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in New Taiwan Dollars (NT$), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of Foreign Currency Financial Statements

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period

(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1)Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets

B. the contractual cash flow characteristics of the financial asset

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

  (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

  (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
(b) the time value of money
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
D. For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments.*

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity..

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as assets or liabilities at fair value through profit or loss except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11)Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - Purchase cost under weighted average cost method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures* (before 1 January 2019: IAS 39 *Financial Instruments: Recognition and Measurement*). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～50 years
Machinery and equipment	3～15 years
Transportation equipment	5～10 years
Office equipment	3～10 years
Other equipment	2～15 years
Leasehold improvements	Lower of leasehold years or useful lives

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate, and are treated as changes in accounting estimates.

(14) Leases

The accounting policy from 1 January 2019 is as follows:

For contracts entered on or after 1 January 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on 1 January 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before 1 January 2019 is as follows:

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	1~15 years
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(18) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are computer peripherals, connectors, wires and other parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 60 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Group provides maintenance services for the sale of construction for solar photovoltaic power generation system. Such services are separately priced or negotiated, and provided based on contract periods.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component has arisen.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

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

(22) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

(23) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* (before 1 January 2019: IAS 39 "Financial Instruments: Recognition and Measurement" either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

(c) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(d) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(e) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of		
	30 September 2019	31 December 2018	30 September 2018
Cash on hand	$37,272	$22,194	$17,450
Demand deposits	2,272,412	2,501,389	2,331,203
Time deposits	151,827	101,438	320,044
Total	$2,461,511	$2,625,021	$2,668,697

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets at fair value through profit or loss

	As of		
	30 September 2019	31 December 2018	30 September 2018
Financial assets mandatorily at fair value through profit or loss:			
Stocks	$93,913	$80,034	$2,481
Funds	76,701	81,110	53,525
Cross currency swap	3,371	9,873	5,447
Currency option contracts	-	-	350
Embedded derivative-bond	-	82	144
Total	$173,985	$171,099	$61,947

Financial assets at fair value through profit or loss were not pledged.

(3) Notes receivables

	As of		
	30 September 2019	31 December 2018	30 September 2018
Notes receivables arising from operating activities	$944,037	$468,086	$347,961
Notes receivables arising from non-operating activities	-	-	-
Subtotal (total carrying amount)	$944,037	$468,086	$347,961
Less: loss allowance	-	-	-
Total	$944,037	$468,086	$347,961

Please refer to Note 12 for more details on pleged of notes receivable.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance and Note 12 for details on credit risk management.

(4) Trade receivables

	As of		
	30 September 2019	31 December 2018	30 September 2018
Trade receivables	$4,807,784	$4,150,889	$4,382,113
Less: loss allowance	(27,802)	(27,655)	(27,984)
Subtotal	4,779,982	4,123,234	4,354,129
Trade receivables from related parties	1,917	2,027	5,149
Total	$4,781,899	$4,125,261	$4,359,278

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Trade receivables were not pledged.

Trade receivables are generally on 60-120 day terms. The total carrying amount are NT$4,807,784 thousand, NT$4,150,889 thousand and NT$4,382,113 thousand as of 30 September 2019, 31 December 2018 and 30 September 2018. Please refer to Note 6(16) for more details on loss allowance of trade receivables for nine-month periods ended 30 September 2019 and 2018. (Please refer to Note 12 for more details on credit risk management.)

(5) Inventories

	As of		
	30 September 2019	31 December 2018	30 September 2018
Raw materials	$1,103,765	$1,178,724	$1,095,362
Supplies & parts	43,965	40,602	36,696
Work in progress	340,627	186,773	327,306
Finished goods	1,028,837	1,244,919	792,207
Merchandise	1,121,887	876,936	690,596
Total	$3,639,081	$3,527,954	$2,942,167

The cost of inventories recognized in expenses for the three-month periods ended 30 September 2019 and 2018 were NT$3,748,653 thousand and NT$3,296,966 thousand; for the nine-month periods ended 30 September 2019 and 2018 were NT$10,315,998 thousand and NT$8,878,716 thousand, respectively. The price (recovery) reduction of inventories related to cost of goods sold were NT$(20) thousand and NT$(13,781) thousand for the three-month periods ended 30 September 2019 and 2018; NT$6,718 thousand and NT$43,828 thousand for the nine-month periods ended 30 September 2019 and 2018.

Gain from price recovery of inventories was due to the sale of obsolete products and the net realized value recovery in the third quarter of 2019 and 2018.

No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Financial assets at fair value through other comprehensive income

	As of		
	30 September 2019	31 December 2018	30 September 2018
Equity instrument investments measured at fair value through other comprehensive income – Non-current			
Emerging companies stocks	$14,335	$15,698	$15,863
Unlisted companies stocks	293,433	261,029	267,529
Total	$307,768	$276,727	$283,392

The Group disposed of the unlisted stocks of General Research of Electronics Inc. which were reported under equity instrument investments measured at fair value through other comprehensive income on 29 June 2018. Upon derecognition, the fair value of the investments was NT$0 thousand, and the cumulative disposal loss of NT$23,184 thousand was transferred from other components of equity to retained earnings.

The Group disposed of the listed stocks of INPAQ Technology Co., Ltd. which were reported under equity instrument investments measured at fair value through other comprehensive income on 18 April 2018 and 2 May 2018. Upon derecognition, the fair values of the investments were NT$913 thousand and NT$187,300 thousand and the cumulative disposal gain of NT$107 thousand and NT$19,725 thousand was transferred from other components of equity to retained earnings.

On 23 April 2018, the Group invested NT$646 thousand in Gongwin Biopharm Holdings Co., Ltd. In consideration of the Group's investment strategy, the Group disposed of the emerging stocks of Gongwin Biopharm Holdings Co., Ltd., which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NT$791 thousand, and the cumulative disposal gain of NT$145 thousand was transferred from other components of equity to retained earnings.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The return of paid-in capital for capital reduction from Top Taiwan VII Venture Capital Co., Ltd. for the nine-month period ended 30 September 2019 were NT$4,592 thousand.

The return of paid-in capital for capital reduction from Top Taiwan II Venture Capital Co., Ltd. and Top Taiwan III Venture Capital Co., Ltd. for the nine-month period ended 30 September 2019 were NT$525 thousand and NT$1,220 thousand with the cash consideration recognized on other receivable.

The return of paid-in capital for capital reduction from Top Taiwan II Venture Capital Co., Ltd. and Top Taiwan III Venture Capital Co., Ltd. for the nine-month period ended 30 September 2018 were NT$775 thousand and NT$1,220 thousand.

Financial assets at fair value through other comprehensive income were not pledged.

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of					
	30 September 2019		31 December 2018		30 September 2018	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
<u>Listed company</u>						
Argocy Research Inc.	$339,825	21.40%	$297,861	21.40%	$288,068	21.40%
<u>Unlisted companies</u>						
SINBON Circuits & Cables LLC	(Note)	-	32,181	40.00%	42,408	40.00%
Top Taiwan IV Venture Capital Co., Ltd.	15,013	20.00%	24,061	20.00%	24,105	20.00%
Sardines Wisdom Technology Co., Ltd.	-	26.64%	-	26.64%	-	24.59%
Total	$354,838		$354,103		$354,581	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Because Sardines Wisdom Technology Co., Ltd. (Sardines Wisdom) suffered losses and the Group didn't intend to support Sardines Wisdom, the Group reduced the book value of the investment of Sardines Wisdom to zero through recognizing loss.

The return of paid-in capital for capital reduction from Top Taiwan IV Venture Capital Co., Ltd. for the nine-month period ended 30 September 2019 was NT$8,400 thousand with the cash consideration recognized on other receivable.

The return of paid-in capital for capital reduction from Top Taiwan IV Venture Capital Co., Ltd. for the nine-month period ended 30 September 2018 was NT$17,600 thousand.

Fair value of the investment in the associate when there is a quoted market price for the investment: Argocy Research Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Argocy Research Inc. was NT$969,822 thousand, NT$526,199 thousand and NT$530,591 thousand as of 30 September 2019, 31 December 2018 and 30 September 2018, respectively.

The Group's investments in Argocy Research Inc., Top Taiwan IV Venture Capital Co., Ltd., SINBON Circuits & Cables LLC (Note) and Sardines Wisdom Technology Co., Ltd. are not individually material. The aggregate financial information of the Group's share of its associates is as follows:

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Profit or loss from continuing operations	$32,911	$22,492	$64,370	$43,628
Other comprehensive income (post-tax)	6,989	(734)	33,330	156
Total comprehensive income	$39,900	$21,758	$97,700	$43,784

Note:On 10 January 2019, the Group invested additional USD 1,100 thousand in SINBON Circuits & Cables LLC and increased the shareholding percentage to 51%. Accordingly, SINBON Circuits & Cables LLC was consolidated. Please refer to Note 6(23) for more details.

The associates had no contingent liabilities or capital commitments a as of 30 September 2019, 31 December 2018 and 30 September 2018.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month periods of 2019 and 2018, the carrying amount of investments accounted for under the equity method and the share of the profit or loss and other comprehensive income of these associates and joint ventures accounted for using the equity method amounts were based on unreviewed financial statements of the investees.

(8) Property, plant and equipment

(1) Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment awating examination	Total
Cost:									
As of 1 January 2019	$150,429	$1,663,172	$884,857	$136,682	$35,039	$242,223	$11,910	$142,426	$3,266,738
Additions through business combinations	-	-	183,762	22,352	246	11,635	-	-	217,995
Additions	1,837	6,056	107,419	16,755	8,761	55,854	-	84,494	281,176
Disposals	-	-	(32,206)	(5,765)	(13,064)	(10,481)	-	-	(61,516)
Exchange differences	-	(35,578)	(18,514)	(2,932)	(379)	(5,382)	47	(8,554)	(71,292)
Other changes	4,925	93,727	1,758	133	-	1,910	-	(102,856)	(403)
As of 30 September 2019	$157,191	$1,727,377	$1,127,076	$167,225	$30,603	$295,759	$11,957	$115,510	$3,632,698
Depreciation and impairment:									
As of 1 January 2019	$ -	$621,087	$521,689	$101,389	$25,698	$133,903	$8,971	$ -	$1,412,737
Additions through business combinations	-	-	43,278	13,964	246	3,526	-	-	61,014
Depreciation	-	54,831	60,687	12,709	3,330	25,446	1,683	-	158,686
Impairment losses	-	-	1,403	-	-	-	-	-	1,403
Disposals	-	-	(25,271)	(4,434)	(12,049)	(7,459)	-	-	(49,213)
Exchange differences	-	(15,264)	(12,526)	(2,660)	(270)	(3,846)	28	-	(34,538)
As of 30 September 2019	$ -	$660,654	$589,260	$120,968	$16,955	$151,570	$10,682	$ -	$1,550,089
Net carrying amount as of:									
30 September 2019	$157,191	$1,066,723	$537,816	$46,257	$13,648	$144,189	$1,275	$115,510	$2,082,609

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In the nine-month period ended 30 September 2019, the NT$1,403 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

Note:The Group adopted IFRS 16 since 1 January 2019. The Goup elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2)Property, plant and equipment (prior to the application of IFRS 16)

	Land	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress and equipment awating examination	Total
Cost:									
As of 1 January 2018	$150,429	$1,495,173	$760,073	$127,138	$32,603	$206,706	$11,249	$33,349	$2,816,720
Additions	-	1,567	66,732	8,989	1,134	31,303	324	83,047	193,096
Disposals	-	(530)	(21,075)	(3,704)	(1,258)	(8,097)	-	-	(34,664)
Exchange differences	-	(36,289)	(20,488)	(2,544)	(883)	(5,825)	109	(1,506)	(67,426)
Other changes	-	148,693	13,175	1,255	-	3,089	-	(2,391)	163,821
As of 30 September 2018	$150,429	$1,608,614	$798,417	$131,134	$31,596	$227,176	$11,682	$112,499	$3,071,547
Depreciation and impairment:									
As of 1 January 2018	$ -	$572,938	$509,381	$96,297	$26,424	$118,488	$6,882	$ -	$1,330,410
Depreciation	-	47,933	37,845	9,494	1,615	20,386	1,481	-	118,754
Disposals	-	(521)	(17,911)	(3,257)	(1,132)	(7,016)	-	-	(29,837)
Exchange differences	-	(15,929)	(14,041)	(2,109)	(766)	(3,970)	54	-	(36,761)
As of 30 September 2018	$ -	$604,421	$515,274	$100,425	$26,141	$127,888	$8,417	$ -	$1,382,566
Net carrying amount as of:									
31 December 2018	$150,429	$1,042,085	$363,168	$35,293	$9,341	$108,320	$2,939	$142,426	$1,854,001
30 September 2018	$150,429	$1,004,193	$283,143	$30,709	$5,455	$99,288	$3,265	$112,499	$1,688,981

Property, plant and equipment was not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

There is no capitalization of interest due to purchase of property, plant and equipment.

Components of building that have different useful lives are the main building structure and air conditioning, which are depreciated over 50 years and 25 years, respectively.

(9) Other non-current assets

	As of		
	30 September 2019	31 December 2018	30 September 2018
Prepayment for equipment	$140,536	$55,178	$80,087
Long-term deferred charges	73,162	60,397	64,378
Long-term prepaid rent	(Note)	36,355	36,737
Refundable deposits	105,011	24,716	21,226
Other assets	762	754	754
Total	$319,471	$177,400	$203,182

Long-term prepaid rents were payments for land use rights as of 31 December 2018 and 30 September 2018.

Note:The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

No other non-current asset was pledged.

(10)Short-term loans

	As of		
	30 September 2019	31 December 2018	30 September 2018
Unsecured bank loans	$2,744,843	$1,804,995	$1,844,316

	9-month periods ended 30 September	
	2019	2018
Interest rates applied	0.70%-3.35%	0.70%-5.66%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's unused short-term lines of credits amounted to NT$372,126 thousand, NT$704,618 thousand and NT$723,621 thousand as of 30 September 2019, 31 December 2018 and 30 September 2018, respectively.

(11)Bonds payable

	As of		
	30 September 2019	31 December 2018	30 September 2018
Liability component			
Principal amount	$16,900	$411,600	$478,500
Discounts on bonds payable	(177)	(7,046)	(9,562)
Subtotal	16,723	404,554	468,938
Less: current portion	(16,723)	(404,554)	(468,938)
Net	$ -	$ -	$ -
Embedded derivative	$ -	$(82)	$(144)
Equity component	$495	$12,061	$14,022

Issuance of convertible bonds:

On 8 June 2017, the Company issued the sixth zero coupon unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue amount: NT$500,000 thousand

Period: 8 June 2017 ~ 8 June 2020

Redemption clauses:

a. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (9 September 2017) and prior to 40 days before the maturity date (29 April 2020), at the principal amount of the bonds with an interest calculated at the rate of 0% per annum (early redemption conversion price) if the closing price of the Company's ordinary shares on the Taiwan Stock Exchange (TWSE) for a period of 30 consecutive trading days, is at least 130% of the conversion price.

b. The Company may redeem the bonds, in whole or in part, after 3 months of the issuance (9 September 2017)and prior to 40 days before the maturity date (29 April 2020), at the early redemption conversion price if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

c. The Company may redeem the bonds in cash, within 5 trading days after the base date of withdrawing the bonds as stated on the "Withdrawal of Convertible Bonds Notice", at the par value if the bondholders do not reply to the share affair agency in writing before the base date.

Reversal clauses:

a. The bondholders have the right to require the Company to redeem all or any portion of the bonds, 30 days prior to 2 year anniversary (8 June 2019) of the issuance, at the principal amount of the bonds with an interest calculated at the rate of 0.5% per annum.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company

b. Exchange Period: The bonds are exchangeable at any time on or after 9 September 2017 and prior to 8 June 2020 into common shares of the Company.

c. Exchange Price and Adjustment: The exchange price was originally NT$76.6 per share. The exchange price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

In accordance with IFRS 9, said financial instrument is classified as an embedded derivative so the exercise price of the embedded put option is allocated to the liability component and equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The difference between the equity component and the book value was recognized in profit or loss. The difference between the liability component and the book value was recognized in "Share premium-warrants". The financial assets of convertible bonds are measured at amortized cost, fair value through profit or loss amounted to NT$0 thousand, NT$82 thousand and NT$144 thousand as at 30 September 2019, 31 December 2018 and 30 September 2018, respectively.

The convertible bonds that have already been converted were NT$483,100 thousand, NT$88,400 thousand and NT$21,500 thousand as at 30 September 2019, 31 December 2018 and 30 September 2018, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12)Long-term deferred revenue

	As of		
	30 September 2019	31 December 2018	30 September 2018
Beginning balance	$15,505	$16,256	$16,256
Amortization	(281)	(377)	(285)
Exchange differences	(392)	(374)	(501)
Ending balance	$14,832	$15,505	$15,470

	As of		
	30 September 2019	31 December 2018	30 September 2018
Deferred revenue - related to assets	$14,832	$15,505	$15,470

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

(13)Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month and nine-month periods ended 30 September 2019 and 2018 were NT$8,008 thousand, NT$7,183 thousand, NT$21,296 thousand and NT$21,156 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month and nine-month periods ended 30 September 2019 and 2018 are NT$1,140 thousand, NT$1,140 thousand, NT$3,420 thousand and NT$3,341 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Equities

(a) Common stock

The Company's authorized capital was NT$4,500,000 thousand as of 30 September 2019, 31 December 2018 and 30 September 2018 The issued capital was NT$2,292,974 thousand, NT$2,257,273 thousand and NT$2,254,162 thousand in a total of 229,297 thousand shares, 225,727 thousand shares and 225,416 thousand shares, respectively. Each share has one voting right and a right to receive dividends.

The investors requested to convert the Company's convertible bonds into common stocks in the amount of NT$58,283 thousand in a total of 5,828 thousand shares from 1 January 2019 to 30 September 2019 and had completed the registration process amounted to NT$26,020 thousand in a total of 2,602 thousand shares as of 30 September 2019.As the registration process for the remaining 3,226 thousands unit has not been completed, the accumulated book value of certificates of bond - to - stock conversion amounted to NT$32,263 thousand.

As of 1 January 2019, the accumulated book value of certificates of bond - to - stock conversion that had completed the registration process amounted to NT$9,681 thousand in a total of 968 thousand shares as of 31 March 2019.

(b) Capital surplus

	As of		
	30 September 2019	31 December 2018	30 September 2018
Additional paid-in capital	$1,232,848	$890,036	$832,119
Treasury share transactions	5,749	5,749	5,749
Share of changes in net assets of associates and joint ventures accounted for using the equity method	(1,690)	(1,690)	(1,690)
Difference between consideration received and carrying amount of interests in subsidiaries acquired/disposed of	(19,219)	(2,775)	(3,208)
Premium from merger	705	705	705
Share options	495	12,061	14,022
Total	$1,218,888	$904,086	$847,697

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's original Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues
b. Offset prior years' operation losses
c. Set aside 10% as legal reserve
d. Set aside or reverse special reserve in accordance with law and regulations
d. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The Company's Articles of Incorporation further provide that no more than 90% of the dividends to shareholders, if any, could be paid in the form of share dividends. Accordingly, at least 10% of the dividends must be paid in the form of cash.

As the Company is undergoing a growth stage, the policy of dividend distribution should reflect its long-term financial planning. The Board of Directors shall make the distribution proposal annually and present it at the Shareholder's meeting every year. The distribution of shareholders dividend shall be allocated cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Pursuant to existing regulation, the Company is required to appropriate addition special reserve in the amount equal to the net debit balance of the other components of shareholders' equity. However, if any of the debit elements is reversed, the special reverse in the amount equal to the reversal maybe released for earnings distribution or offsetting accumulated deficit.

Following the adoption of TIFRS, the FSC on 6 April 2012 issued Order No. Jin-Guan-Cheng-Fa-Zi-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company did not reverse any special reserve as a result of use, disposal or reclassification of related assets during the nine-month periods ended 30 September 2019 and 2018.

Details of the 2018 and 2017 earnings distribution and dividends per share as resolved by the shareholders' meeting on 6 June 2019 and 8 June 2018, respectively, are as follows:

	Appropriation of earnings		Dividend per share(NT$)	
	2018	2017	2018	2017
Common stock -cash dividend	$1,026,622	$901,664	$4.5	$4
Legal reserve	141,348	122,647		
Special reserve	108,492	52,417		
Total	$1,276,462	$1,076,728		

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors and supervisors.

(d)Non-controlling interests

	9-month periods ended 30 September	
	2019	2018
Beginning balance	$223,989	$211,619
Profits attributable to non-controlling interests	(19,045)	(23,950)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(2,095)	(2,068)
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	-	27,000
Disposal of the shares of the subsidiary	92	(1,120)
Acquisition of the shares of the subsidiary	63,400	(906)
Ending balance	$266,341	$210,575

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15) Operating revenue

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Revenue from contracts with customers				
Sale of goods	$4,986,482	$4,339,004	$13,733,502	$11,682,697
Rendering of service	43,047	49,307	126,355	124,217
Other operating revenue	3,451	4,331	12,924	12,718
Total	$5,032,980	$4,392,642	$13,872,781	$11,819,632

Analysis of revenue from contracts with customers during the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

(1) Disaggregation of revenue

For the three-month period ended 30 September 2019

	Cable Segment	Electronic Segment	Management Operation Segment	Total
Sale of goods	$3,041,723	$1,067,294	$877,465	$4,986,482
Rendering of services	34,678	8,369	-	43,047
Other operating revenues	3,128	323	-	3,451
Total	$3,079,529	$1,075,986	$877,465	$5,032,980
Timing of revenue recognition :				
At a point in time	$3,079,529	$1,075,986	$877,465	$5,032,980
Over time	-	-	-	-
Total	$3,079,529	$1,075,986	$877,465	$5,032,980

For the three-month period ended 30 September 2018

	Cable Segment	Electronic Segment	Management Operation Segment	Total
Sale of goods	$2,971,697	$985,224	$382,083	$4,339,004
Rendering of services	40,921	8,386	-	49,307
Other operating revenues	4,028	303	-	4,331
Total	$3,016,646	$993,913	$382,083	$4,392,642
Timing of revenue recognition :				
At a point in time	$3,016,646	$993,913	$382,083	$4,392,642
Over time	-	-	-	-
Total	$3,016,646	$993,913	$382,083	$4,392,642

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month period ended 30 September 2019

	Cable Segment	Electronic Segment	Management Operation Segment	Total
Sale of goods	$9,517,543	$2,626,088	$1,589,871	$13,733,502
Rendering of services	104,464	21,891	-	126,355
Other operating revenues	12,021	903	-	12,924
Total	$9,634,028	$2,648,882	$1,589,871	$13,872,781
Timing of revenue recognition :				
At a point in time	$9,634,028	$2,648,882	$1,589,871	$13,872,781
Over time	-	-	-	-
Total	$9,634,028	$2,648,882	$1,589,871	$13,872,781

For the nine-month period ended 30 September 2018

	Cable Segment	Electronic Segment	Management Operation Segment	Total
Sale of goods	$8,000,500	$2,633,227	$1,048,970	$11,682,697
Rendering of services	101,874	22,343	-	124,217
Other operating revenues	12,108	610	-	12,718
Total	$8,114,482	$2,656,180	$1,048,970	$11,819,632
Timing of revenue recognition :				
At a point in time	$8,114,482	$2,656,180	$1,048,970	$11,819,632
Over time	-	-	-	-
Total	$8,114,482	$2,656,180	$1,048,970	$11,819,632

(2) Contract balances

Contract liabilities - current

	As of			
	30 September 2019	31 December 2018	30 September 2018	1 January 2018
Sales of goods	$372,856	$328,405	$253,476	$153,313

During the nine-month period ended 30 September 2019 and 2018, contract increased as the consideration received from customers did not satisfy its performance obligations.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Transaction price allocated to unsatisfied performance obligations

None.

(4) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses (gains)

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Operation expense- Expected credit losses (gains)				
Trade receivables	$(4)	$(1,106)	$464	$1,301

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 30 September 2019, 31 December 2018 and 30 September 2018 are as follows:

30 September 2019

	Not yet due (Note)	Overdue					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	$5,435,463	$200,272	$36,122	$3,401	$15,148	$63,332	$5,753,738
Loss ratio	-%	-%	-%	-%	-%	30-100%	
Lifetime expected credit losses	-	-	-	-	-	(27,802)	(27,802)
Carrying amount	$5,435,463	$200,272	$36,122	$3,401	$15,148	$35,530	$5,725,936

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

31 December 2018

	Not yet due (Note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$4,359,983	$185,637	$22,533	$8,524	$6,895	$37,430	$4,621,002
Loss ratio	-%	-%	-%	-%	-%	30-100%	
Lifetime expected credit losses	-	-	-	-	-	(27,655)	(27,655)
Carrying amount	$4,359,983	$185,637	$22,533	$8,524	$6,895	$9,775	$4,593,347

30 September 2018

	Not yet due (Note)	Overdue <=30 days	31-60 days	61-90 days	91-120 days	>=121 days	Total
Gross carrying amount	$4,556,122	$104,195	$26,985	$6,248	$8,222	$33,451	$4,735,223
Loss ratio	-%	-%	-%	-%	-%	30-100%	
Lifetime expected credit losses	-	-	-	-	-	(27,984)	(27,984)
Carrying amount	$4,556,122	$104,195	$26,985	$6,248	$8,222	$5,467	$4,707,239

Note: The Group's note receivables are not overdue.

The movement in the provision for impairment of contract assets, note receivables, trade receivables and other receivables during the nine-month periods ended 30 September 2019 and 2018 is as follows:

	Note receivables	Trade receivables
As of 1 January 2019	$ -	$27,655
Write off	-	(553)
Addition/(reversal) for the current period	-	464
Exchange difference	-	236
As of 30 September 2019	$ -	$27,802
As of 1 January 2018 (in accordance with IAS 39)	$ -	$51,620
As of 1 January 2018 Transition adjustment to retained earnings	-	-
As of 1 January 2018 (in accordance with IFRS 9)	-	51,620
Write off	-	(25,491)
Addition/(reversal) for the current period	-	1,301
Exchange difference	-	560
As of 30 September 2018	$ -	$27,984

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Leases

(1) The Group is a lessee (Adoption of the related disclosure in IFRS 16)

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 1 to 16 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use asset

The carrying amount of right-of-use assets

	As of		
	30 September 2019	31 December 2018 (Note)	30 September 2018 (Note)
Land	$35,661		
Buildings	58,893		
Machinery and equipment	20,583		
Transportation equipment	28,183		
Total	$143,320		

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the nine-month period ended 30 September 2019, the Group's additions to right-of-use assets amounting to NT$50,266 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Lease liabilities

	As of		
	30 September 2019	31 December 2018 (Note)	30 September 2018 (Note)
Lease liability			
Current	$42,351		
Non-Current	63,018		
Total	$105,369		

Please refer to Note 6 (19)(c) for the interest on lease liabilities recognized during the three-month and nine-month period ended 30 September 2019 and refer to Note 12 (5) Liquidity risk management for the maturity analysis for lease liabilities as at 30 September 2019.

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018(Note)	2019	2018(Note)
Land	$253		$774	
Buildings	12,649		32,800	
Machinery and equipment	889		2,711	
Transportation equipment	2,688		7,385	
Other equipment	-		837	
Total	$16,479		$44,507	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018(Note)	2019	2018(Note)
The expenses relating to short-term leases	$1,106		$16,455	

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. Cash outflow related to lessee and lease activity

During the nine-month period ended 30 September 2019, the Group's total cash outflows for leases amounting to NT$64,680 thousand.

(2) Operating lease commitments - Group as a lessee (applicable to the disclosure requirement in IAS 17)

The Group has entered into commercial leases on certain property, plant and equipment. These leases have an average life of three to five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 September 2019, 31 December 2018 and 30 September 2018 are as follows:

	As of		
	30 September 2019(Note)	31 December 2018	30 September 2018
Not later than one year		$48,982	$46,144
Later than one year and not later than five years		46,510	50,196
Later than five years		-	-
Total		$95,492	$96,340

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Operating lease expense recongnized as followed:

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019 (Note)	2018	2019(Note)	2018
Minimum lease payments		$22,845		$44,306
Contingent rents		-		-
Total		$22,845		$44,306

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(18) Summary of employee benefits, depreciation and amortization expenses by function for the three-month and nine-month periods ended 30 September 2019 and 2018

	3-month periods ended 30 September					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$263,265	$361,699	$624,964	$239,331	$283,193	$522,524
Labor and health insurance	34,793	45,121	79,914	28,098	43,333	71,431
Pension	1,790	7,358	9,148	1,674	6,649	8,323
Other employee benefits expense	19,494	16,740	36,234	17,826	15,521	33,347
Depreciation	39,302	31,542	70,844	17,071	23,198	40,269
Amortization	3,967	9,168	13,135	1,726	6,209	7,935

	9-month periods ended 30 September					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$766,074	$1,000,406	$1,766,480	$701,393	$819,999	$1,521,392
Labor and health insurance	95,669	123,970	219,639	79,099	103,232	182,331
Pension	5,139	19,577	24,716	4,883	19,614	24,497
Other employee benefits expense	52,318	46,324	98,642	52,885	41,477	94,362
Depreciation	110,485	92,708	203,193	65,983	52,771	118,754
Amortization	8,773	28,383	37,156	5,925	24,144	30,069

The number of employees for Company and its subsidiaries are 6,245 and 5,647 as of 30 September 2019 and 2018.

According to the Articles of Incorporation, 1% to 15% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit of the nine-month period ended 30 September 2019, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2019 to be 1.50% and 1.02% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended 30 September 2019 amount to NT$9,000 thousand and NT$6,000 thousand,respectively. Employees' compensation and remuneration to directors and supervisorls for the nine-month period ended 30 September 2019 amount to NT$25,000 thousand and NT$17,000 thousand, respectively. Based on the profit of the nine-month period ended 30 September 2018, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2018 to be 1.50% and 1.00% of profit of the current nine-month period, respectively, recognized as employee benefits expense. Employees' compensation and remuneration to directors and supervisors for the three-month period ended 30 September 2018 amount to NT$7,000 thousand and NT$4,500 thousand, respectively. Employees' compensation and remuneration to directors and supervisors for the nine-month period ended 30 September 2018 amount to NT$21,000 thousand and NT$14,000 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A resolution was passed at the board meeting held on 14 March 2019 to distribute NT$24,000 thousand and NT$15,300 thousand in cash as thousand of 2018, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2018.

No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2017.

(19) Non-operating income and expenses

(a) Other income

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Sample income	$17,625	$7,445	$43,988	$34,655
Dividend income	1,105	4,514	21,397	18,117
Interest income				
Financial assets measured at amortized costs	2,833	1,728	9,113	6,326
Others	75,630	34,568	131,906	90,746
Total	$97,193	$48,255	$206,404	$149,844

(b) Other gains and losses

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Foreign exchange gains net	$30,305	$77,438	$61,518	$101,245
Impairment losses – Property, plant and equipment	(1,403)	-	(1,403)	-
Gains on disposal of investments	-	-	4,847	-
Losses on disposal of property, plant and equipment	(2,505)	(3,253)	(4,826)	(3,676)
Gains (losses) of financial asset at fair value through profit or loss(Note1)	8,373	(36,398)	7,408	5,351
Gains of financial liabilities at fair value through profit or loss(Note2)	30	150	-	44,727
Others	(9,125)	(8,955)	(23,682)	(28,865)
Total	$25,675	$28,982	$43,862	$118,782

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note:
1. Balance in current period arose from financial assets mandatorily measured at fair value through profit or loss and balance in prior period arose from held for trading investment.
2. Balances in both periods arose from held for trading investment.

(c) Finance costs

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Interest on loans from bank	$11,347	$8,973	$30,296	$23,338
Interest on bonds payable	299	1,447	1,744	4,376
Interest on lease liabilities	959	(Note)	2,184	(Note)
Total	$12,605	$10,420	$34,224	$27,714

Note: The Group adopted IFRS 16 since 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(20)Components of other comprehensive income

For the three-month period ended 30 September 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains on equity instruments measured at fair value through other comprehensive iincome of associates and joint ventures	$3,274	$ -	$3,274	$ -	$3,274
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	6,989	-	6,989	-	6,989
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(220,577)	-	(220,577)	42,420	(178,157)
Total of other comprehensive income	$(210,314)	$ -	$(210,314)	$42,420	$(167,894)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month period ended 30 September 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains on equity instruments measured at fair value through other comprehensive iincome of associates and joint ventures	$(8,028)	$ -	$(8,028)	$ -	$(8,028)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(734)	-	(734)	-	(734)
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of a foreign operation	(175,110)	-	(175,110)	34,177	(140,933)
Total of other comprehensive income	$(183,872)	$ -	$(183,872)	$34,177	$(149,695)

For the nine-month period ended 30 September 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains on equity instruments measured at fair value through other comprehensive iincome of associates and joint ventures	$37,357	$ -	$37,357	$ -	$37,357
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	33,330	-	33,330	-	33,330
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(166,747)	-	(166,747)	35,026	(131,721)
Total of other comprehensive income	$(96,060)	$ -	$(96,060)	$35,026	$(61,034)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month period ended 30 September 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized gains on equity instruments measured at fair value through other comprehensive iincome of associates and joint ventures	$110,151	$ -	$110,151	$ -	$110,151
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	156	-	156	-	156
Remeasurements of defined benefit plans(Note)	-	-	-	1,390	1,390
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(143,162)	-	(143,162)	30,515	(112,647)
Total of other comprehensive income	$(32,855)	$ -	$(32,855)	$31,905	$(950)

Note: The Company's applicable corporate income tax rate for the year ended 31 December 2018 has changed from 17% to 20%.

(21) Income tax

Based on the amendments to the Income Tax Act announced on 7 February 2018, the Company's applicable corporate income tax rate for the year ended 31 December 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The major components of income tax expense (income) are as follows:

Income tax expense recognized in profit or loss

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Current income tax expense :				
Current income tax charge	$178,640	$207,100	$461,830	$356,216
Deferred tax expense:				
Deferred tax expense relating to origination and reversal of temporary differences	(11,337)	(38,021)	2,313	(15,904)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	-	-	20,006
Total income tax expense	$167,303	$169,079	$464,143	$360,318

Income tax relating to components of other comprehensive income

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Deferred tax expense (income):				
Exchange differences on translation of foreign operations	$(42,420)	$(34,177)	$(35,026)	$(30,515)
Remeasurements of defined benefit plans	-	-	-	(1,390)
Income tax relating to components of other comprehensive income	$(42,420)	$(34,177)	$(35,026)	$(31,905)

The assessment of income tax returns

As of 30 September 2019, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2017
Subsidiary- Kwan-Ze Corporation Ltd.	Assessed and approved up to 2017
Subsidiary- T-CONN Precision Co., Ltd.	Assessed and approved up to 2017
Subsidiary- Radbon Avionics Inc.	Assessed and approved up to 2017

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company	$550,542	$480,120	$1,425,009	$1,185,557
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	230,958	225,807	229,254	225,443
Basic earnings per share (NT$)	$2.38	$2.13	$6.22	$5.26

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company	$550,542	$480,120	$1,425,009	$1,185,557
Add: Interest expense from convertible bonds	239	1,158	1,395	3,501
Profit attributable to ordinary equity holders of the Company after dilution	$550,781	$481,278	$1,426,404	$1,189,058

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	230,958	225,807	229,254	225,443
Effect of dilution:				
Convertible bonds (in thousands)	1,786	6,478	3,491	6,531
Employee compensation -stock (in thousands)	207	135	207	247
Weighted average number of ordinary shares outstanding after dilution (in thousands)	232,951	232,420	232,952	232,221
Diluted earnings per share (NT$)	$2.36	$2.07	$6.12	$5.12

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date of completion of the financial statements.

(23) Business Combinations

Acquisition of C&C

On 10 January 2019, in order to expand the prodoction in US , the Group invested additional USD 1,100 thousand in C&C to acquire the 11% shares with voting rights, and increased the shareholding percentage from 40% to 51%. Accordingly, C&C was consolidated.

The Group has selected to measure the non-controlling interest of C&C at fair value.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The fair value of the identifiable assets and liabilities of C&C at the date of acquisition were:

	Amount
Asset	
Cash and cash equivalent	$9,863
Account receivable	56,292
Inventories	91,015
Prepayments	1,943
Property, plant and equipment	156,981
Right-of-use asset	11,152
	327,246
Liability	
Short-term loans	74,569
Account payable	63,162
Lease liability, current	2,209
Other payables	30,965
Current portion of long-term loans	7,298
Other current liabilities	9,494
Lease liability, noncurrent	8,164
Long-term loans	1,999
	197,860
Identifiable net assets	$129,386

Acquisition consideration

Cash flow analysis of acquisition:	Amount
Transaction costs of the acquisition	$(33,882)
Net cash acquired with the subsidiary	9,863
Net cash flow on acquisition	$(24,019)

(24) Disposal of subsidiary

Acquisition of issued shares of subsidiaries

On 18 January 2018, the Group further acquired 10% shares with voting rights from Radbon which is a sub-subsidiary of the Group. Thus, the Group increased its ownership in the entity to 100%. Cash paid to non-controlling interest shareholder amounted to NT$1,426 thousand. Net asset of Radbon was NT$9,060 thousand. The additional equity information such as reduction of non-controlling interests and adjustment of other comprehensive income or loss are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Amount
Cash consideration paid to the non-controlling shareholders	$1,426
Decrease to non-controlling interests	(906)
Difference in additional paid-in capital from investee under equity method	$520

Acquisition of new shares in a subsidiary not proportionate to ownership interest

Radbon issued new shares on 27 June 2018, however the Group did not purchase the new shares according to its shareholding percentage, consequently the ownership interest in Radbon was reduced to 55%. The Group received additional intangible assets from the issuance of new shares in the amount of NT$27,000 thousand. The carrying amount of Radbon's net assets was NT$60,000 thousand. The following table is a schedule of interest disposed of by Radbon including changes in non-controlling interests:

	Amount
Additional intangible assets received from the issuance of new shares	$(27,000)
Increase to non-controlling interests	27,000
Difference recognized in capital surplus or retained earning within equity	$ -

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Argosy Research Inc	Associate
Shanghai Huangze Electronic Co., Ltd.	Substantive related party
Top Taiwan IV Venture Capital Co., Ltd	Associate
SINBON Circuits & Cables LLC(Note)	Associate

Note: On 10 January 2019, the Company acquired additional investment of SINBON Circuits & Cables LLC, its ownership raised from 40% to 51% and transferes to consolidated individual.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant transactions with related parties

(a) Sales

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Associates				
Others	$1,829	$299	$1,901	$8,149

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection periods for domestic sales to related parties were month-end 60~120 days, while the term for overseas sales were 45~75 days from FOB shipping point. The outstanding balance as of 30 September 2019 and 2018 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(b) Purchases

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Associates				
Others	$ -	$955	$78	$1,633
Other related parties				
Others	42	41	84	94
Total	$42	$996	$162	$1,727

The purchase price from the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are set between one to four months.

(c) Amounts owed by related parties

	As of		
	30 September 2019	31 December 2018	30 September 2018
Associates			
Others	$1,917	$2,027	$5,149

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d)Others Receivable-Related Parties

	As of		
	30 September 2019	31 December 2018	30 September 2018
Associates			
Others	$8,400	$1,752	$73

(e)Account Payable-Related Parties

	As of		
	30 September 2019	31 December 2018	30 September 2018
Associates			
Others	$ -	$183	$343
Other related parties			
Others	-	-	24
Total	$ -	$183	$367

(f) Key management personnel compensation

	3-month periods ended 30 September		9-month periods ended 30 September	
	2019	2018	2019	2018
Short-term employee benefits	$52,526	$42,840	$150,567	$128,386
Post-employment benefits	9,148	8,323	24,716	24,297
Total	$61,674	$51,163	$175,283	$152,683

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contract commitments

The Company provided guarantees for subsidiaries' financing to banks for the three-month period ended 30 September 2019. Please refer to Note 13.(1)(b).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. Significant disaster loss

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

Financial assets

	As of		
	30 September 2019	31 December 2018	30 September 2018
Financial assets at fair value through profit or loss:			
Mandatorily measured at Fair value through profit or loss	$173,985	$171,099	$61,947
Financial assets at fair value through other comprehensive income	307,768	276,727	283,392
Financial assets measured at amortized cost (Note 1)	8,336,299	7,378,464	7,526,865
Total	$8,818,052	$7,826,290	$7,872,204

Financial liabilities

	As of		
	30 September 2019	31 December 2018	30 September 2018
Financial liabilities at amortized cost:			
Short-term loans	$2,744,843	$1,804,995	$1,844,316
Notes and accounts payable	3,395,134	3,337,688	3,096,113
Bonds payable (including current portion with maturity less than 1 year)	16,723	404,554	468,938
Long-term loans (including current portion with maturity less than 1 year)	12,371	10,041	5,267
Others payables	882,317	875,407	874,865
Lease liabilities	105,369	(Note2)	(Note2)
Subtotal	$7,156,757	$6,432,685	$6,289,499

Note:
1. Including cash and cash equivalents, notes receivable, trade receivables and other receivables.
2. The Group adopted IFRS 16 on 1 January 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2)Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit.

Pre-tax sensitivity analysis of changes in related risk factors for the nine-month periods ended 30 September 2019 and 2018 are as follows:

For the nine-month period ended 30 September 2019 (in thousand)

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/− 1%	+/−$21,881	+/−$87
	NTD/RMB rate +/− 1%	+/−$475	+/−$14,873
Interest rate risk	Market rate +/− 10 basis points	+/−$2,754	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month period ended 30 September 2018

Main Risk	Fluctuation	Sensitivity of profit/loss	Sensitivity of equity
Foreign currency risk	NTD/USD rate +/– 1%	+/–$18,500	+/–$186
	NTD/RMB rate +/– 1%	+/–$404	+/–$14,597
Interest rate risk	Market rate +/– 10 basis points	+/–$1,842	-

Equity price risk

The fair value of the Group's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under held for trading financial assets or available-for-sale financial assets, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price measured at fair value through profit or loss of the listed equity securities, mandatorily measured at held for trading could increase/decrease the Group's profit for the nine-month periods ended 30 September 2019 and 2018 by NT$9,391 thousand and NT$248 thousand, respectively.

At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$1,434 thosand and NT$1,586 thousand on the equity attributable to the Group for the nine-month periods ended 30 September 2019 and 2018, respectively.

Please refer to Note (12)9 for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 30 September 2019, 31 December 2018 and 30 September 2018, amounts receivables from top ten customers represented23%, 22% and 26% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity..The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 30 September 2019					
Loans	$2,770,406	$10,129	$ -	$ -	$2,780,535
Account payables	3,395,134	-	-	-	3,395,134
Convertible bonds	16,891	-	-	-	16,891
Lease liabilities	44,412	51,643	15,836	-	111,891
As of 31 December 2018					
Loans	$1,831,295	$4,823	$2,871	$ -	$1,838,989
Account payables	3,337,688	-	-	-	3,337,688
Convertible bonds	408,610	-	-	-	408,610
As of 30 September 2018					
Loans	$1,871,478	$2,664	$1,327	$ -	$1,875,469
Account payables	3,096,113	-	-	-	3,096,113
Convertible bonds	473,639	-	-	-	473,639

Derivative financial liabilities

None.

(6) Fair values of financial instruments

Reconciliation of liabilities for the nine-month period ended 30 September 2019:

	Short-term loans	Long-term loan(including maturity within a year)	Long-term deferred income	Lease liabilities	Deposits received	Total liabilities from financing activities
As of 1 January 2019	$1,804,995	$10,041	$15,505	$90,771	$13,430	$1,934,742
Cash Flow	865,279	(6,967)	(281)	(48,225)	(9,995)	799,811
Noncurrency change	-	-	-	52,450	-	52,450
Acquisition	74,569	9,297	-	10,373	-	94,239
Currency change	-	-	(392)	-	-	(392)
As of 30 September 2019	$2,744,843	$12,371	$14,832	$105,369	$3,435	$2,880,850

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the nine-month period ended 30 September 2018:

	Short-term loans	Long-term deferred income	Long-term loan(including maturity within a year	Total liabilities from financing activities
As of 1 January 2018	$1,594,624	$16,256	$ -	$1,610,880
Cash flow	249,692	(285)	5,267	(254,674)
Currency change	-	(501)	-	(501)
As of 30 September 2018	$1,844,316	$15,470	$5,267	$1,865,053

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts, cross currency swap, currency option contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 30 September 2019, 31 December 2018 and 30 September 2018 are as follows:

Cross currency swaps and currency option contracts

The Group entered into cross currency swaps and currency option contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to cross currency swaps option and currency option contracts:

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 30 September 2019				
Cross currency swaps		USD	14,000	From 11 January 2019 to 11 February 2020

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 31 December 2018				
Cross currency swaps		USD	23,800	From 02 January 2018 to 13 March 2019

Items (by contract)	Notional Amount (In thousands)			Contract Period
As of 30 September 2018				
Currency option contracts	Buy put option	USD	200	From 10 May 2018 to 08 August 2019
Currency option contracts	Sell call option	USD	400	From 10 May 2018 to 08 August 2019
Cross currency swaps		USD	32,000	From 02 January 2018 to 07 February 2019

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6(11) for further information on this transaction.

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward exchange contracts, currency option contracts and cross currency swaps, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 30 September 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$76,701	$ -	$ -	$76,701
Stocks	93,913	-	-	93,913
Cross currency swaps	-	3,371	-	3,371
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	14,335	-	293,433	307,768

As of 31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Fund	$81,110	$ -	$ -	$81,110
Stock	80,034	-	-	80,034
Cross currency swaps	-	9,873	-	9,873
Embedded derivatives-bond	-	82	-	82
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	15,698	-	261,029	276,727

As of 30 September 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$53,525	$ -	$ -	$53,525
Stocks	2,481	-	-	2,481
Cross currency swaps	-	5,447	-	5,447
Currency option contracts	-	350	-	350
Embedded derivatives-bond	-	144	-	144
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	15,863	-	267,529	283,392

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as of 1 January 2019	$261,029
Total gains and losses recognized for the nine-month period ended 30 September 2019:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	38,721
The return of paid-in capital for capital reduction	(6,337)
Effect of currency	20
Ending balances as of 30 September 2019	$293,433
Beginning balances as of 1 January 2018	$231,424
Total gains and losses recognized for the nine-month period ended 30 September 2018:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	38,100
The return of paid-in capital for capital reduction	(1,995)
Ending balances as of 30 September 2018	$267,529

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 30 September 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$29,343 thousand

As of 31 December 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Asset approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$26,103 thousand

As of 30 September 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Stocks and others	Asset approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$26,753 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As at 30 September 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$969,822	$ -	$ -	$969,822

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of 31 December 2018

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$526,199	$ -	$ -	$526,199

As at 30 September 2018

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using the equity method(please refer to Note 6(7))	$530,591	$ -	$ -	$530,591

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 30 September 2019			As of 31 December 2018			As of 30 September 2018		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets									
Monetary items:									
USD	$118,574	31.04	$3,680,777	$101,785	30.73	$3,128,157	$110,836	30.55	$3,386,150
RMB	730,109	4.36	3,183,375	558,943	4.48	2,501,964	700,926	4.44	3,111,863
EUR	3,115	33.89	105,582	3,066	35.20	107,940	2,852	35.50	101,241
Financial liabilities									
Monetary items:									
USD	47,804	31.04	1,483,934	45,923	30.73	1,411,342	49,673	30.55	1,517,573
RMB	378,096	4.36	1,648,550	339,406	4.48	1,519,250	363,026	4.44	1,611,708
EUR	405	33.89	13,717	661	35.20	23,281	401	35.50	14,229

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group has a number of different functional currencies; therefore, we are unable to disclose the exchange loss and gain of monetary financial assets and financial liabilities under each foreign currency that has significant impact. The Group recognized NT$30,305 thousand, NT$77,438 thousand, NT$61,518 thousand and NT$101,245 thousand for foreign exchange gain for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively.

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(11)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

(12) Transfer of financial assets information

Part of the Group's notes receivable have been signed into with recourse contracts with financial institutions. Yet the Group transferred the cash flow rights of such receivables, the company still bear the credit risk that notes receivable can not be collected, which does not meet the derecognition of financial assets. The transaction related information is as follows:

Counterparty	Amount to be transferred	Amount have been advanced (Note)
BOCOM Beijing Development Zone Branch	$461,730	$461,730
HSBC Bank (China) Beijing Company Limited	31,611	31,611

Note: Recorded in short-term loans

13. Other disclosure

(1)Information at significant transactions

(a)Financing provided to others for the nine-month periods ended 30 September 2019: Please refer to Attachment 1.

(b)Endorsement/Guarantee provided to others for the nine-month periods ended 30 September 2019: Please refer to Attachment 2.

(c) Securities held as of 30 September 2019: Please refer to Attachment 3.

(d)Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the nine-month period ended 30 September 2019: None.

(e)Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital for the nine-month period ended 30 September 2019: None.

(f)Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the nine-month period ended 30 September 2019: None.

(g)Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the nine-month period ended 30 September 2019: Please refer to Attachment 4.

(h)Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of the nine-month period ended 30 September 2019: Please refer to Attachment 5.

(i)Financial instruments and derivative transactions: Please refer to Note 12. (8).

(j)The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 6.

(2)Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 30 September 2019, net income (loss) of the investee company and investment income (loss) recognized as of 30 September 2019: Please refer to Attachment 7.

(3)Information on investments in mainland China

(a) Investment in Mainland China: Please refer to Attachment 8.

(b) Significant transactions through third regions with the investees in Mainland China: Please refer to Attachment 13.

14. Segment information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

(1) Cable Segment: The segment focuses on manufacturing and sale of cable assemblies.

(2) Electronic Segment: The segment is in charge of selling various electronic connectors and electronic components.

(3) Management Operation Segment: The segment focuses on managing investment and other businesses beyond the scopes of Cable Segment and Electronic Segment.

Operating segments are not aggregated to be reported as aforementioned operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However income taxes are managed on a group basis and are not allocated to operating segments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

Information on profit or loss, assets and liabilities of the reportable segment for three-month periods and nine-month periods ended 30 September 2019 and 2018 were as of :

For the three-month period ended 30 September 2019

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and elimination (Note)	Consolidated
Revenue					
External customer	$3,079,529	$1,075,986	$877,465	$ -	$5,032,980
Inter-segment	758,535	4,826	168,431	(931,792)	-
Total revenue	$3,838,064	$1,080,812	$1,045,896	$(931,792)	$5,032,980
Segment profit	$601,040	$111,358	$3,016	$ -	$715,414

Note: Inter-segment revenues were eliminated when consolidated.

For the three-month period ended 30 September 2018

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and elimination (Note)	Consolidated
Revenue					
External customer	$3,016,646	$993,913	$382,083	$ -	$4,392,642
Inter-segment	826,819	5,194	103,404	(935,417)	-
Total revenue	$3,843,465	$999,107	$485,487	$(935,417)	$4,392,642
Segment profit	$582,115	$130,722	$(73,185)	$ -	$639,652

Note: Inter-segment revenues were eliminated when consolidated.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the nine-month period ended 30 September 2019

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and elimination (Note)	Consolidated
Revenue					
External customer	$9,634,028	$2,648,882	$1,589,871	$ -	$13,872,871
Inter-segment	2,675,525	12,481	406,382	(3,094,388)	-
Total revenue	$12,309,553	$2,661,363	$1,996,253	$(3,094,388)	$13,872,871
Segment profit	$1,864,933	$274,735	$(269,561)	$ -	$1,870,107

Note: Inter-segment revenues were eliminated when consolidated.

For the nine-month period ended 30 September 2018

	Cable Segment	Electronic Segment	Management Operation Segment	Adjustment and elimination (Note)	Consolidated
Revenue					
External customer	$8,114,482	$2,656,180	$1,048,970	$ -	$11,819,632
Inter-segment	2,315,363	17,203	287,154	(2,619,720)	-
Total revenue	$10,429,845	$2,673,383	$1,336,124	$(2,619,720)	$11,819,632
Segment profit	$1,508,533	$335,924	$(322,532)	$ -	$1,521,925

Note: Inter-segment revenues were eliminated when consolidated.

Information on assets and liabilities of the reportable segment as of 30 September 2019, 31 December 2018 and 30 September 2018 are as follows:

Segment Assets:

	Cable Segment	Electronic Segment	Management Operation Segment	Subtotal	Adjustment and Elimination	Consolidated
30 September 2019	$8,736,502	$2,317,493	$1,932,122	$12,986,117	$2,821,707	$15,807,824
31 December 2018	$8,202,295	$1,934,106	$1,245,919	$11,382,320	$2,819,216	$14,201,536
30 September 2018	$7,578,753	$1,870,430	$1,166,906	$10,616,089	$2,898,347	$13,514,436

Segment Liabilities:

	Cable Segment	Electronic Segment	Management Operation Segment	Subtotal	Adjustment and Elimination	Consolidated
30 September 2019	$4,908,060	$1,667,427	$1,593,517	$8,169,004	$87,303	$8,256,307
31 December 2018	$4,573,586	$1,428,858	$1,313,950	$7,316,394	$88,510	$7,404,904
30 September 2018	$4,417,704	$1,396,959	$1,147,895	$6,962,558	$89,296	$7,051,854

Attachment 1: Financing provided to others for the nine-month period ended 30 September 2019

No.	Lender (Note 1)	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note2)	Limit of total financing amount (Note3)
													Item	Value		
1	BJSB	BJSB Tongan	Other receivables	Y	$46,046	$43,601	$43,601	0.00%	Note 4	$-	Need for operating	$ -	-	$ -	$90,345	$90,345

Note 1: The above transations were all made between consolidated entities in the Group and have been reversed.

Note 2: Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial which were not reviewed by independent accountants as of 30 September 2019.

$225,863*40%=$90,345

Note 3: Total financing limit for individual counterparty was set at 40% of the lender's net worth of the financial report which were not reviewed by independent accountants as of 30 September 2019.

$225,863*40%=$90,345

Note 4: For short-term financing.

Attachment 2: Endorsement/Guarantee provided to others for the nine-month period ended 30 September 2019

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries (Note 5)	Subsidiaries' guarantee/ endorsement amount to parent company (Note 5)	Guarantee/ endorsement amount to company in Mainland China (Note 5)
		Company name	Releationship (Note 2)										
0	The Company	JYSB	2	$2,914,070	$379,344	$372,504	$ -	none	5.11%	$7,285,176	Y	N	Y
0	The Company	BJSB Tongan	2	$2,914,070	$646,674	$633,399	$ -	none	8.69%	$7,285,176	Y	N	Y
0	The Company	JSEM	2	$2,914,070	$395,150	$388,025	$ -	none	5.33%	$7,285,176	Y	N	Y
0	The Company	SHSB	2	$2,914,070	$47,418	$46,563	$ -	none	0.64%	$7,285,176	Y	N	Y
0	The Company	T-CONN	2	$2,914,070	$179,030	$77,605	$ -	none	1.07%	$7,285,176	Y	N	N
0	The Company	TCSB	2	$2,914,070	$299,506	$294,899	$ -	none	4.05%	$7,285,176	Y	N	Y
0	The Company	SZSB	2	$2,914,070	$15,806	$15,521	$ -	none	0.21%	$7,285,176	Y	N	Y
0	The Company	T-CONN Zhongshan	2	$2,914,070	$426,762	$325,941	$38,182	none	4.47%	$7,285,176	Y	N	Y
0	The Company	Radbon	2	$2,914,070	$150,000	$150,000	$125,000	none	2.06%	$7,285,176	Y	N	N
0	The Company	ET Hungary	2	$2,914,070	$327,179	$321,819	$242,325	none	4.42%	$7,285,176	Y	N	N
0	The Company	C&C	2	$2,914,070	$282,690	$279,378	$93,126	none	3.83%	$7,285,176	Y	N	N
1	T-CONN	T-CONN Zhongshan	2	$2,914,070	$94,230	$93,126	$ -	none	1.28%	$7,285,176	N	N	Y

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for receiving party is 40% of the net worth of the financial report reviewed by the certified public accountants as of 30 September 2019.

$7,285,176*40%=$2,914,070

Note 4: Limit of total guarantee/ endorsement amount is 100% of the net worth of the financial report reviewed by the certified public accountants as of 30 September 2019.

Note 5: "Y" for the listed (OTC) parent company guarantees/endorses for subsidiary, subsidiary guarantees/endorses for the listed (OTC) parent company or guarantee/endorse for companies in Mainland China.

Attachment 3: Securities held as of 30 September 2019. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities	Relationship (Note 1)	Financial statement account	as of 30 September 2019				Note
				Shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	15,000,00shares	$121,832	11.11%	$121,832	-
The Company	Top Taiwan Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	6,000,000shares	65,373	7.50%	65,373	-
Kwan-Ze	Chengding Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	5,000,000shares	40,574	3.70%	40,574	-
The Company	Dynahz Technologies	-	Financial assets measured at fair value through other comprehensive income- noncurrent	2,771,670shares	33,754	16.67%	33,754	-
The Company	Top Taiwan VII Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	1,438,776shares	15,259	3.06%	15,259	-
The Company	Gongwin Biopharm Holdings Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	235,000shares	14,335	0.25%	14,335	-
The Company	Japan SINBON Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	75shares	6,990	15.00%	6,990	-
Kwan-Ze	Actmax Technologies Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	-	4,692	19.00%	4,692	-
The Company	Top Taiwan III Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	569,105shares	1,985	4.07%	1,985	-
SINBON USA	HOTWIRE Development LLC	-	Financial assets measured at fair value through other comprehensive income- noncurrent	697,500shares	1,982	5.00%	1,982	-
The Company	Top Taiwan II Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	295,000shares	504	5.00%	504	-
The Company	Bandrich, Inc.	-	Financial assets measured at fair value through other comprehensive income- noncurrent	330,000shares	488	1.62%	488	-
The Company	Nextronics Engineering Corp.	-	Financial asset measured at fair value through profit or loss–current	2,950,000shares	91,745	9.94%	91,745	-
The Company	Cayman Lan-Cheng Fund	-	Financial asset measured at fair value through profit or loss–current	30shares	76,701	17.14%	76,701	-
The Company	Trutankless, Inc.	-	Financial asset measured at fair value through profit or loss–current	162shares	2,168	-	2,168	-
			Total		$478,382			

Note 1: Not required if the issuer of securities is not a related party.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the six-month period ended 30 September 2019.

Related-party	Counter-party	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	JYSB	Subsidiary	Purchase	$1,142,150	42.81%	Trading condition is as same as other supplier	N/A	N/A	$(278,753)	(33.66)%	
JYSB	The Company	Subsidiary	Purchase	$110,380	3.54%	Trading condition is as same as other supplier	N/A	N/A	$(27,662)	(2.29)%	
HKSB	JYSB	Associates	Purchase	$1,151,760	50.94%	Trading condition is as same as other supplier	N/A	N/A	$(316,689)	(41.69)%	
JSEM	JYSB	Associates	Purchase	$110,653	19.18%	Trading condition is as same as other supplier	N/A	N/A	$(132,954)	(29.03)%	
T-CONN	T-CONN Zhongshan	Associates	Purchase	$278,495	53.08%	Trading condition is as same as other supplier	N/A	N/A	$(54,037)	(25.97)%	
SZSB	HKSB	Associates	Purchase	$263,164	91.35%	Trading condition is as same as other supplier	N/A	N/A	$(105,745)	(94.84)%	
JYSB	SINBON USA	Associates	Purchase	$130,535	4.19%	Trading condition is as same as other supplier	N/A	N/A	$(14,063)	(1.16)%	
BJSB Tongan	JSEM	Associates	Purchase	$154,744	10.23%	Trading condition is as same as other supplier	N/A	N/A	$(66,850)	(10.36)%	

Attachment 5: Receivables from related parties with accounts exceeding the lower of NT$100 million or 20 percent of the capital stock as of 30 September 2019.

Related-party	Counter-party	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Collection in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
JYSB	The Company	The Company	$278,753	5.38	$ -	-	$ -	$ -
JYSB	HKSB	Associates	$316,689	6.14	$ -	-	$ -	$ -
JYSB	JSEM	Associates	$132,954	1.48	$ -	-	$ -	$ -
HKSB	SZSB	Associates	$105,745	4.75	$ -	-	$ -	$ -
BJSB Tongan	JSEM	Associates	$115,460	0.39	$ -	-	$ -	$ -

Attachment 6: The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets(Note3)
0	The Company	JYSB	1	Purchase	$1,142,150	(Note 4)	8.23%
1	JYSB	The Company	2	Sales	$1,142,150	(Note 4)	8.23%
1	JYSB	HKSB	3	Sales	$1,151,760	(Note 4)	8.30%
2	HKSB	JYSB	3	Purchase	$1,151,760	(Note 4)	8.30%
3	T-CONN	T-CONN Zhongshan	3	Purchase	$278,495	(Note 4)	2.01%
4	T-CONN Zhongshan	T-CONN	3	Sales	$278,495	(Note 4)	2.01%
2	HKSB	SZSB	3	Sales	$263,164	(Note 4)	1.90%
5	SZSB	HKSB	3	Purchase	$263,164	(Note 4)	1.90%
1	JYSB	The Company	2	Purchase	$110,380	(Note 4)	0.80%
0	The Company	JYSB	1	Sales	$110,380	(Note 4)	0.80%
6	JSEM	JYSB	3	Purchase	$110,653	(Note 4)	0.80%
1	JYSB	JSEM	3	Sales	$110,653	(Note 4)	0.80%
1	JYSB	SINBON USA	3	Purchase	$130,535	(Note 4)	0.94%
7	SINBON USA	JYSB	3	Sales	$130,535	(Note 4)	0.94%
8	BJSB Tongan	JSEM	3	Purchase	$154,744	(Note 4)	1.12%
6	JSEM	BJSB Tongan	3	Sales	$154,744	(Note 4)	1.12%

Note 1 : The Company is coded "0".The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3 : The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end. For profit or loss items, interim cumulative balances are used as basis.

Note 4 : The sales price to the above related parties was determined through mutual agreement based on the market conditions.

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2019, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2019: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 30 September 2019			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
The Company	HKSB	Hong Kong	Manufacturing and selling a wide variety of connectors, wires and cables.	HKD95,606,000 $401,262	HKD95,606,000 $401,262	-	100.00%	$631,751	$347,420	$347,420	Subsidiary
The Company	Kwan-Ze	New Taipei City, Taiwan	Holding company	$235,600	$235,600	23,560,000 shares	100.00%	$386,073	$55,490	$55,490	Subsidiary
The Company	Top Taiwan IV Venture Capital Co., Ltd	Taipei City, Taiwan	Holding company	$22,400	$22,400	2,240,000 shares	20.00%	$15,013	$(4,108)	$(822)	Investee under the equity method
The Company	SB BVI	British Virgin Islands	Holding company	USD45,021,000 $1,461,158	USD45,021,000 $1,461,158	-	100.00%	$3,756,073	$430,481	$430,481	Subsidiary
The Company	Argosy Technologies Co., Ltd.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$30,648	$30,648	2,945,034 shares	3.59%	$56,245	$304,651	$10,928	Investee under the equity method
The Company	S E L	Mauritius	Holding company	- -	USD3,726,000 $120,732	-	-	-	$(25)	$(16)	Subsidiary
The Company	SINBON USA LLC	4265 Gibson Dr., Tipp City, OH 45371, USA	Logistic center.	USD5,159,000 $161,943	USD4,059,000 $128,061	-	100.00%	$99,062	$1,850	$1,850	Subsidiary
The Company	SINBON Europe GmbH	Pfarrkirchen, Germany	Logistic center.	EUR5,209,000 $185,241	EUR5,209,000 $185,241	-	100.00%	$63,096	$(45,447)	$(45,447)	Subsidiary
The Company	Radbon Avionics Inc.	Miaoli County, Taiwan	Manufacturing and selling signal cables and cabin wiring.	$33,000	$33,000	3,300,000 shares	55.00%	$38,382	$14,279	$7,854	Subsidiary
The Company	T-CONN	New Taipei City, Taiwan	Manufacturing and selling a wide variety of connectors, wires and cables.	$116,804	$116,804	11,308,970 shares	62.52%	$184,915	$51,309	$32,956	Subsidiary
T-CONN	S P L	Mauritius	Logistic center.	$3,039	$3,039	-	100.00%	$16,664	$(7,656)	$ -	Subsidiary
SINBON USA L.L.C	SINBON Circuits & Cables LLC	815 South Brown School Road Vandalia, OH 45377, USA	Selling a wide variety of connectors and cables.	USD 2,704,000	USD 1,604,000	-	51.00%	USD2,133,000 $66,210	USD281,000 $8,720	$ -	Subsidiary
SINBON USA L.L.C	Worldwide Wire Harnesses Co., Ltd.	Samoa	Logistic center.	USD 75,000	USD 75,000	-	50.00%	USD67,000 $2,079	USD17,000 $523	$ -	Subsidiary
Kwan-Ze	Argocy Research Inc.	Hsinchu City, Taiwan	Produce and sells a variety of electronic components, computers and peripheral equipment	$147,175	$147,175	14,624,200 shares	17.81%	$283,580	$304,651	$ -	Investee under the equity method

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2019, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2019: (Excluding investment in Mainland China)

Investor	Investee company (Note1)	Address	Main businesses and products	Initial Investment		Investment as of 30 September 2019			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			(Note 1)
Worldwide Wire Harnesses Co., Ltd.	STT	U.S.A Tennessee	Logistic center.	USD140,000 $4,542	USD140,000 $4,542	-	100.00%	USD(116,000) $(3,606)	USD17 $523	$ -	Subsidiary
Argocy Research Inc.	Argosy Technology Inc.(USA)	U.S.A	Sell Multimedia related products, ODM and OED	$30,347	$30,347	900 shares	100.00%	$ -	$ -	$ -	Investee under the equity method
Argocy Research Inc.	Argosy International B.V.	The Netherlands	Leasing operations and sell ODM and OED	$22,314	$22,314	-	100.00%	$15,851	$95	$ -	Investee under the equity method
Argocy Research Inc.	Ari International (Singapore)Pte.,Ltd. (AIS)	Singapore	Holding company	$32,697	$32,697	-	100.00%	$4,038	$(469)	$ -	Investee under the equity method
Argocy Research Inc.	Global Saber Electronics Co., Ltd.	Mauritius	Selling a wide variety of connectors and cables.	$ -	$ -	-	100.00%	$84,023	$4,706	$ -	Investee under the equity method
Argocy Research Inc.	ROTEC LIMITED	British Virgin Islands	Holding company	$268,479	$268,479	8,550 shares	77.38%	$450,248	$43,984	$ -	Investee under the equity method
Global Saber Electronics Co., Ltd	ROTEC LIMITED	British Virgin Islands	Holding company	$72,918	$72,918	2,500 shares	22.62%	$131,618	$43,984	$ -	Investee under the equity method
SINBON Europe GmbH	SINBON Holding GmbH	Germany	Holding company	EUR5,184,000 $181,113	EUR5,184,000 $181,113	-	51.00%	EUR1,839,000 $62,319	EUR(2,414,000) $(84,255)	$ -	Subsidiary
SINBON Holding GmbH	ET Hungary	Hungary	Selling,Producting and Processing a wide variety of connectors and cables.	EUR1,080,000 $38,364	EUR1,080,000 $38,364	-	100.00%	EUR(1,384,000) $(46,898)	EUR(2,344,000) $(81,811)	$ -	Subsidiary
SINBON Holding GmbH	ET Germany	Germany	Logistic center.	EUR1,245,000 $44,225	EUR1,245,000 $44,225	-	100.00%	EUR1,201,000 $40,695	EUR(57,000) $(1,984)	$ -	Subsidiary

Note 1: (1) "Investee company", "Addres", "Main businesses and products", "Initial Investment"and "Investment as of 30 September 2019" shall be filled in the Company's investmet.

to the subsidiaries' re-investment in corresponding order, and indicate the relationship in the Notes.

(2) "Net income (loss) of investee company" shall be filled in net income (loss) of investee for the three-month period ended 30 September 2019.

(3) "Investment income (loss) recognized", shall be filled in only investment income (loss) under the equity method, and the investor shall confirm that its investment income (loss) includes the subsidiaries' re-investment.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2019	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 30 September 2019	Accumulated Inward Remittance of Earnings as of 30 September 2019
					Outflow	Inflow						
BJSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 4,450,000	Indirectly investment in Mainland China through remittance from a third region.	USD 1,020,000 $30,719	$ -	$ -	USD 1,020,000 $30,719	RMB873,000 $3,949	100%	RMB873,000 $3,949 (Note2)	RMB50,989,000 $222,321	USD11,030,000 $351,623
JYSB	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 37,780,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 22,050,000 $705,108	$ -	$ -	USD 22,050,000 $705,108	USD12,098,000 $375,817	100%	USD12,098,000 $375,817 (Note1)	USD89,200,000 $2,768,933	USD25,244,000 $780,847
SHSB	Selling a wide variety of connectors, wires and cables.	USD 3,280,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,700,000 $55,358	$ -	$ -	USD 1,700,000 $55,358	USD(85,000) $(2,633)	100%	USD(85,000) $(2,633) (Note 2)	USD5,135,000 $159,401	USD2,371,000 $72,709
SZSB	Selling a wide variety of connectors, wires and cables.	USD 2,810,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 2,750,000 $83,385	$ -	$ -	USD 2,750,000 $83,385	USD234,000 $7,268	100%	USD234,000 $7,268 (Note 2)	USD8,820,000 $273,794	RMB20,700,000 $93,644
TCSB	Selling a wide variety of connectors, wires and cables.	USD14,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 8,000,000 $248,003	$ -	$ -	USD 8,000,000 $248,003	USD1,609,000 $49,995	100%	USD1,609,000 $49,995 (Note 2)	USD17,292,000 $536,764	USD196,000 $5,890
China Digital Library Corp.Ltd.	Technology development of computer software, transfer of technology, advisory service	RMB 88,600,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 750,000	$ -	$ -	USD 750,000	$ -	4.85%	$ -	$ -	$ -
Argosy (Beijing) Technologies Co., Ltd.	Selling a wide variety of connectors, wires and cables.	RMB 5,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 76,000	$ -	$ -	USD 76,000	$ -	12.00%	$ -	$ -	$ -
Wu Xi S&D	Manufacturing and selling new flat panel displays.	USD 4,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,900,000 $61,823	$ -	$ -	USD 1,900,000 $61,823	$ -	-	$ -	$ -	$ -
Ning Bo Smart and Diligent Co., Ltd.	Manufacturing and selling a new Flat Panel Display.	USD 2,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 1,140,000 $37,025	$ -	$ -	USD 1,140,000 $37,025	$ -	-	$ -	$ -	$ -

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2019	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of 30 September 2019	Accumulated Inward Remittance of Earnings as of 30 September 2019
					Outflow	Inflow						
JY Sinact	Manufacturing and selling a wide variety of electronic materials.	USD 9,500,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 5,266,000 $164,599	$ -	$ -	USD 5,266,000 $164,599	$ -	-	$ -	$ -	$ -
Shang Hai Comtek Electronics Trading Co., ltd.	Selling a wide variety of electronic materials.	USD 160,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 104,000 $3,302	$ -	$ -	USD 104,000 $3,302	$ -	-	$ -	$ -	$ -
Dong Guan CMK	Manufacturing and selling a wide variety of connectors, wires and cables.	USD 1,000,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 645,000 $20,768	$ -	$ -	USD 645,000 $20,768	$ -	-	$ -	$ -	$ -
T-CONN Zhongshan	Manufacturing and selling a wide variety of connectors, wires and cables.	RMB 58,300,000	Indirectly investment in Mainland China through companies registered in a third region.	USD 3,086,000 $99,007	$ -	$ -	USD 3,086,000 $99,007	$45,735	62.52%	$28,594 (Note 2)	$63,621	$ -
BJSB Tongan	Manufacturing and selling a wide variety of connectors, wires and cables.	RMB 130,000,000	Indirectly investment in Mainland China through remittance from a third region.	USD 3,000,000 $89,134	$ -	$ -	USD 3,000,000 $89,134	$446,602	100%	$446,602 (Note 1)	$1,601,410	USD4,600,000 $138,528

Accumulated Investment in Mainland China as of 30 September 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
USD46,487,000	USD 53,420,000	N/A (Note 3)

Note 1: Based on the financial statements certificated by the public accountant of the parent company in Taiwan.

Note 2: The financial statements were not reviewed by independent accountants.

Note 3: According to No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.