ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE NINE-MONTH PERIODS ENDED

SEPTEMBER 30, 2019 AND 2018

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Zhen Ding Technology Holding Limited

Opinion

Introduction

We have reviewed the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month periods ended September 30, 2019 and 2018 and for the nine-month periods ended September 30, 2019 and 2018; consolidated statements of changes in equity and of cash flows for the nine-month periods then ended; and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Zhen Ding Technology Holding Limited and its subsidiaries as of September 30, 2019 and 2018; its consolidated financial performance for the three-month periods ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine-month periods ended September 30, 2019 and 2018, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting", as endorsed by the Financial Supervisory Commission.

Hsu, Yung-Chien Feng, Min-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan
November 12, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019; DECEMBER 31, 2018; AND SEPTEMBER 30, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 40,810,825	29	$ 40,652,973	29	$ 30,685,015	23
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	3,437	-	-	-
1136	Current financial assets at amortised cost	6(6)	2,591,146	2	8,778,797	6	12,362,908	9
1170	Accounts receivable, net	6(3)	24,621,383	17	21,631,860	15	23,197,297	17
1180	Accounts receivable due from related parties, net	6(3) and 7	2,727,946	2	2,644,519	2	2,289,682	2
1200	Other receivables	6(4)	602,391	-	855,783	1	1,424,076	1
130X	Inventories	6(5)	11,014,375	8	10,083,882	7	11,250,736	8
1410	Prepayments	6(4)	4,263,322	3	3,673,318	3	3,836,030	3
1470	Other current assets		-	-	569,634	-	301,707	-
11XX	**Total current assets**		86,631,388	61	88,894,203	63	85,347,451	63
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	193,622	-	52,473	-	67,197	-
1535	Non-current financial assets at amortised cost	6(6)	-	-	-	-	153,931	-
1600	Property, plant and equipment	6(8)	44,123,970	31	41,913,166	30	40,154,981	30
1755	Right-of-use assets	6(9)	8,234,018	6	-	-	-	-
1780	Intangible assets	6(10)	92,676	-	91,721	-	91,153	-
1840	Deferred income tax assets		1,038,763	1	1,024,491	1	898,263	1
1990	Other non-current assets	6(11)	627,108	1	8,131,099	6	8,122,262	6
15XX	**Total non-current assets**		54,310,157	39	51,212,950	37	49,487,787	37
1XXX	**Total assets**		$ 140,941,545	100	$ 140,107,153	100	$ 134,835,238	100

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019; DECEMBER 31, 2018; AND SEPTEMBER 30, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Liabilities and Equity	Note	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(12)	$ 10,786,421	8	$ 9,184,066	7	$ 12,540,625	9
2170	Accounts payable		18,796,780	13	17,056,824	12	17,003,054	13
2180	Accounts payable to related parties	7	516,976	-	1,022,641	1	810,739	1
2200	Other payables	6(13)	12,249,165	9	13,346,522	9	12,234,811	9
2230	Current income tax liabilities		1,731,088	1	2,391,519	2	1,551,437	1
2280	Current lease liabilities		90,729	-	-	-	-	-
2320	Long-term liabilities, current portion	6(14) (15)	-	-	8,699,319	6	17,751,997	13
2399	Other current liabilities		96,710	-	134,168	-	142,642	-
21XX	**Total current liabilities**		44,267,869	31	51,835,059	37	62,035,305	46
	Non-current liabilities							
2540	Long-term borrowings	6(15)	9,296,480	7	9,194,880	6	-	-
2570	Deferred income tax liabilities		726,769	1	857,644	1	316,409	-
2580	Non-current lease liabilities		176,103	-	-	-	-	-
2600	Other non-current liabilities		303,958	-	110,990	-	110,632	-
25XX	**Total non-current liabilities**		10,503,310	8	10,163,514	7	427,041	-
2XXX	**Total liabilities**		54,771,179	39	61,998,573	44	62,462,346	46
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(18)						
3110	Ordinary share capital		9,022,299	6	8,047,484	6	8,047,484	6
	Capital surplus	6(19)						
3200	Capital surplus		29,499,880	21	22,000,657	16	21,965,119	16
	Retained earnings	6(20)						
3310	Legal reserve		4,350,638	3	3,505,859	2	3,505,859	3
3320	Special reserve		2,948,306	2	1,717,913	1	1,717,913	1
3350	Unappropriated retained earnings		22,637,687	16	23,731,600	17	20,169,307	15
	Other equity interest	6(21)						
3400	Other equity interest		(4,229,828)	(3)	(2,948,306)	(2)	(3,357,286)	(2)
31XX	**Total equity attributable to owners of parent**		64,228,982	45	56,055,207	40	52,048,396	39
36XX	**Non-controlling interests**		21,941,384	16	22,053,373	16	20,324,496	15
3XXX	**Total equity**		86,170,366	61	78,108,580	56	72,372,892	54
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 140,941,545	100	$ 140,107,153	100	$ 134,835,238	100

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)
(REVIEWED, NOT AUDITED)

	Item	Notes	Three-month period ended September 30, 2019		Three-month period ended September 30, 2018		Nine-month period ended September 30, 2019		Nine-month period ended September 30, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(22), 7 and 14	$ 35,601,549	100	$ 35,346,568	100	$ 78,094,966	100	$ 78,770,866	100
5000	**Operating costs**	6(5) and 7	(27,246,656)	(76)	(26,242,614)	(74)	(62,015,398)	(79)	(62,578,209)	(80)
5950	**Gross profit from operations**		8,354,893	24	9,103,954	26	16,079,568	21	16,192,657	20
	Operating expenses	6(23)								
6100	Selling expenses		(547,622)	(2)	(449,167)	(1)	(1,213,016)	(2)	(1,050,804)	(1)
6200	Administrative expenses		(1,043,431)	(3)	(1,237,018)	(4)	(3,002,286)	(4)	(3,020,135)	(4)
6300	Research and development expenses		(1,509,657)	(4)	(1,680,174)	(5)	(4,054,106)	(5)	(3,945,889)	(5)
6450	Expected credit loss in accordance with IFRS 9	12	7,104	-	(7,632)	-	18,576	-	(694)	-
6000	**Total operating expenses**		(3,093,606)	(9)	(3,373,991)	(10)	(8,250,832)	(11)	(8,017,522)	(10)
6900	**Net operating income**		5,261,287	15	5,729,963	16	7,828,736	10	8,175,135	10
	Non-operating income and expenses									
7010	Other income	6(25)	449,834	1	479,610	2	1,515,407	2	1,069,765	1
7020	Other gains and losses	6(26)	319,216	1	78,045	-	162,959	-	(367,237)	-
7050	Finance costs	6(27)	(156,533)	-	(238,757)	(1)	(547,372)	(1)	(688,686)	(1)
7000	**Total non-operating income and expenses**		612,517	2	318,898	1	1,130,994	1	13,842	-
7900	**Profit before income tax**		5,873,804	17	6,048,861	17	8,959,730	11	8,188,977	10
7950	Income tax expense	6(28)	(1,083,900)	(3)	(1,176,664)	(3)	(1,751,960)	(2)	(1,757,308)	(2)
8200	**Profit**		$ 4,789,904	14	$ 4,872,197	14	$ 7,207,770	9	$ 6,431,669	8

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)
(REVIEWED, NOT AUDITED)

	Item	Notes	Three-month period ended September 30, 2019		Three-month period ended September 30, 2018		Nine-month period ended September 30, 2019		Nine-month period ended September 30, 2018	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(7)(21)	$ 1,200	-	($ 12,636)	-	$ 10,592	-	($ 53,971)	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements	6(21)	(3,161,400)	(9)	(2,362,965)	(7)	(2,255,057)	(3)	(2,013,848)	(2)
8300	**Other comprehensive (loss) income**		($ 3,160,200)	(9)	($ 2,375,601)	(7)	($ 2,244,465)	(3)	($ 2,067,819)	(2)
8500	**Total comprehensive income**		$ 1,629,704	5	$ 2,496,596	7	$ 4,963,305	6	$ 4,363,850	6
	Profit attributable to:									
8610	Owners of the parent		$ 3,405,469	10	$ 3,757,593	11	$ 5,005,001	6	$ 4,885,584	6
8620	Non-controlling interests		$ 1,384,435	4	$ 1,114,604	3	$ 2,202,769	3	$ 1,546,085	2
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 1,077,200	3	$ 1,886,415	5	$ 3,723,479	4	$ 3,246,211	5
8720	Non-controlling interests		$ 552,504	2	$ 610,181	2	$ 1,239,826	2	$ 1,117,639	1
	Basic earnings per share									
9750	**Basic earnings per share**	6(29)	$	3.80	$	4.67	$	5.78	$	6.07
	Diluted earnings per share									
9850	**Diluted earnings per share**	6(29)	$	3.80	$	4.21	$	5.78	$	5.55

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

Expressed in thousands of NTD

		Equity attributable to owners of parent									
				Retained Earnings			Other Equity Interest				
	Notes	Ordinary shares	Capital surplus – additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Nine-Month Period Ended September 30, 2018											
Balance at January 1, 2018		$ 8,047,484	$ 14,851,298	$ 2,988,615	$ 1,688,354	$ 18,486,196	($ 1,717,913)	$ -	$ 44,344,034	$ 10,917,285	$ 55,261,319
Profit for the period		-	-	-	-	4,885,584	-	-	4,885,584	1,546,085	6,431,669
Other comprehensive income (loss) for the period	6(21)	-	-	-	-	-	(1,585,402)	(53,971)	(1,639,373)	(428,446)	(2,067,819)
Total comprehensive income		-	-	-	-	4,885,584	(1,585,402)	(53,971)	3,246,211	1,117,639	4,363,850
Appropriation and distribution of retained earnings:	6(20)										
General reserve		-	-	517,244	-	(517,244)	-	-	-	-	-
Special reserve		-	-	-	29,559	(29,559)	-	-	-	-	-
Cash dividends		-	-	-	-	(2,655,670)	-	-	(2,655,670)	-	(2,655,670)
Compensation cost of employee restricted stock	6(17)	-	61,107	-	-	-	-	-	61,107	14,946	76,053
Change in non-controlling interests - Subsidiary earnings distribution		-	-	-	-	-	-	-	-	(827,540)	(827,540)
Change in non-controlling interests - Subsidiary cash capital increase		-	7,052,714	-	-	-	-	-	7,052,714	9,102,166	16,154,880
Balance at September 30, 2018		$ 8,047,484	$ 21,965,119	$ 3,505,859	$ 1,717,913	$ 20,169,307	($ 3,303,315)	($ 53,971)	$ 52,048,396	$ 20,324,496	$ 72,372,892
Nine-Month Period Ended September 30, 2019											
Balance at January 1, 2019		$ 8,047,484	$ 22,000,657	$ 3,505,859	$ 1,717,913	$ 23,731,600	($ 2,879,635)	($ 68,671)	$ 56,055,207	$ 22,053,373	$ 78,108,580
Profit for the period		-	-	-	-	5,005,001	-	-	5,005,001	2,202,769	7,207,770
Other comprehensive income (loss) for the period	6(21)	-	-	-	-	-	(1,292,114)	10,592	(1,281,522)	(962,943)	(2,244,465)
Total comprehensive income		-	-	-	-	5,005,001	(1,292,114)	10,592	3,723,479	1,239,826	4,963,305
Appropriation and distribution of retained earnings:	6(20)										
General reserve		-	-	844,779	-	(844,779)	-	-	-	-	-
Special reserve		-	-	-	1,230,393	(1,230,393)	-	-	-	-	-
Cash dividends		-	-	-	-	(4,023,742)	-	-	(4,023,742)	-	(4,023,742)
Conversion of convertible bonds	6(14)	974,815	7,431,639	-	-	-	-	-	8,406,454	-	8,406,454
Compensation cost of employee restricted stock	6(17)	-	67,584	-	-	-	-	-	67,584	25,225	92,809
Change in non-controlling interests - Subsidiary earnings distribution		-	-	-	-	-	-	-	-	(1,377,040)	(1,377,040)
Balance at September 30, 2019		$ 9,022,299	$ 29,499,880	$ 4,350,638	$ 2,948,306	$ 22,637,687	($ 4,171,749)	($ 58,079)	$ 64,228,982	$ 21,941,384	$ 86,170,366

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month period ended September 30, 2019	Nine-month period ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 8,959,730	$ 8,188,977
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(23)	5,722,017	4,928,750
Amortisation expense	6(23)	119,953	64,821
Impairment losses	6(8)	342,959	355,957
Expected credit loss (gain)	12	(18,576)	694
Losses (gains) on disposal of property, plant and equipment	6(26)	(13,619)	64,051
Losses on disposal of land use right		(9,031)	-
Rental expense for land use right - long-term prepaid rents		-	93,688
Interest income	6(25)	(983,129)	(726,382)
Interest expense	6(27)	547,372	688,686
Share-based payment	6(17)	92,809	76,053
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		3,437	7,935
Notes receivable		10,483	(62,263)
Accounts receivable		(2,879,065)	5,797,001
Accounts receivable due from related parties		(38,717)	(101,275)
Other receivables		589,375	1,251,428
Inventories		(1,027,005)	(163,908)
Prepayments		(712,081)	(846,258)
Changes in operating assets			
Accounts payable		2,069,332	(4,992,693)
Accounts payable to related parties		(496,178)	131,596
Other payables		872,647	1,424,504
Other current liabilities		(35,097)	23,693
Cash inflow generated from operations		13,117,616	16,205,055
Income tax paid		(2,559,233)	(1,646,246)
Net cash inflow from operating activities		10,558,383	14,558,809

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month period ended September 30, 2019	Nine-month period ended September 30, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from repayment of financial assets at amortised cost		$ 6,272,588	$ 1,901,248
Acquisition of financial assets at fair value through other comprehensive income		(136,192)	-
Acquisition of property, plant and equipment	6(31)	(10,779,181)	(9,814,234)
Proceeds from disposal of property, plant and equipment		207,574	34,050
Acquisition of land use rights (right-of-use assets/ other non-current assets)	6(31)	(1,015,560)	(3,434,719)
Proceeds from disposal of land use right		42,664	5,226
Increase of other non-current assets		(156,635)	(143,298)
Decrease in refundable deposits		258,651	4,480
Increase in prepayments for business facilities		(148,991)	(35,376)
Increase in other non-current liabilities		182,392	-
Interest received		945,460	805,716
Net cash outflow for investing activities		(4,327,230)	(10,676,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		1,697,897	(3,159,650)
Increase (decrease) in guarantee deposits received		(25,156)	(75,721)
Cash dividends paid	6(20)	(4,023,742)	(2,655,670)
Repayments of lease liabilities		(70,595)	-
Repayments of convertible bonds	6(14)	(147,233)	-
Syndicated loan arrangement fee paid		-	(22,898)
Interest paid		(490,725)	(527,445)
Change in non-controlling interests – issuance of common stock by subsidiaries		-	16,154,880
Change in non-controlling interests - distribution of retained earnings by subsidiaries		(1,377,040)	(827,540)
Net cash flows from financing activities		(4,436,594)	8,885,956
Effect of exchange rate changes on cash and cash equivalents		(1,636,707)	(1,230,231)
Net increase (decrease) in cash and cash equivalents for the current period		157,852	11,537,627
Cash and cash equivalents at beginning of period		40,652,973	19,147,388
Cash and cash equivalents at end of period		$ 40,810,825	$ 30,685,015

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the 'Company', formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the 'Group') are engaged in manufacturing, processing and selling printed circuit boards (PCBs). The Company has been listed on the Taiwan Stock Exchange since December 26, 2011.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were authorized for issuance by the Board of Directors on November 12, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission ('FSC') (collectively referred herein as the 'IFRSs').

IFRSs endorsed by FSC effective from 2019 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendment to IFRS 9, 'Prepayment Features with Negative Compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendment to IAS 19, 'Plan Amendment, Curtailment or Settlement'	January 1, 2019
Amendment to IAS 28, 'Long-term Interests in Associates and Joint Ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over Income Tax Treatments'	January 1, 2019
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019

The impact of the above standards and interpretations on the Group's financial position and financial performance based on the Group's assessment is listed below:

IFRS 16, 'Leases'

A. IFRS 16, 'Leases', supersedes IAS 17, 'Leases', and related interpretations. The standard requires lessees to recognise a right-of-use asset and a lease liability (except for those leases with lease terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify and account for a lease as either an operating lease or a finance lease. This standard only requires enhanced disclosures to be provided by lessors.

B. Upon the adoption of 2019-version IFRSs as endorsed by the FSC, the Group does not intend to adopt IFRS 16 by restating the prior period financial statements (hereinafter, the 'modified retrospective transition'). For lease contracts where the Group was a lessee, it is expected that right-of-use assets and lease liabilities will be increased by NT$8,058,382 (including the reclassification of long-term prepaid rents of NT$7,727,595) and NT$623,563 (including the reclassification of payables on land use right of NT$292,776) respectively on January 1, 2019.

C. The Group applied the following practical expedients upon the first-time adoption of IFRS 16:

(a) The Group chose not to re-evaluate whether contracts are (or contain) leases. Contracts previously identified as leases under IAS 17 and IFRIC 4 are now subject to IFRS 16.

(b) The initial direct costs were excluded from the measurement of right-of-use assets.

(c) A single discount rate was applied to a portfolio of leases with reasonably similar characteristics.

(d) The Group chose to account for leases terminating before December 31, 2019 as short-term leases. Rental expenses recognised for the nine-month period ended September 30, 2019 were NT$184,132.

D. The Group applied the Group's incremental borrowing rate to calculate the present value of lease liabilities. The interest rate ranged between 1.04% and 4.35%.

E. The reconciliation of operating lease commitments disclosed under IAS 17 and discounted using the incremental borrowing rate as of the first-time adoption date, and the lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed under IAS 17 as of December 31, 2018	$ 442,256
Less: Exemptions for short-term leases	(9,560)
Less: Exemptions for low-value assets	(48)
Less: Service contracts that were not leases upon re-judgement	(83,329)
Total contract amount that shall recognise lease liabilities under IFRS 16 as of January 1, 2019	$ 349,319
Lease liabilities that shall be recognised under IFRS 16 as of January 1, 2019	$ 330,787

(2) Effects of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

IFRSs endorsed by FSC effective from 2020 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative - definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

(3) IFRSs issued by International Accounting Standards Board ('IASB') but not yet endorsed by the FSC

New standards, interpretations, and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 7, IFRS 9, and IAS 39, 'Interest Rate Benchmark Reform'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as stated otherwise, the principal accounting policies applied in the preparation of theses consolidated financial statements have been consistently applied to all the periods presented.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the IAS 34 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets minus present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. Upon the first-time adoption of IFRS 16 effective January 1, 2019, the Group chose to apply a modified retrospective transition to recognise right-of-use assets and lease liabilities on the financial statements as of January 1, 2019; and the financial statements for the year ended December 31, 2018, and for the nine-month period ended September 30, 2018 were not restated.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be 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.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	September 30, 2019	December 31, 2018	September 30, 2018	Description
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Stand Enterprises Limited (Hongkong)	Holding company	-	100	100	(a)
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (Hongkong)	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2019	December 31, 2018	September 30, 2018	Description
Monterey Park Finance Limited (B.V.I.)	Huai'An Jia Wei Industrial Development Co., Ltd.	Trading company	100	-	-	(b)
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.38	66.38	66.38	
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.44	6.44	6.44	
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2019	December 31, 2018	September 30, 2018	Description
Avary Holding (Shenzhen) Co., Limited	Yun Ding Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited (Singapore)	Holding company	100	-	-	(c)
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	100	
Garuda International Limited (Hongkong)	Avary Japan Co., Ltd.	Trading company	100	-	-	(e)
Avary Singapore Private Limited (Singapore)	Avary Technology (India) Private Limited	Manufacturing company	100	-	-	(d)

(a) The Group has restructured its investment structure. Pacific Stand Enterprises Limited has completed the winding-up process in the second quarter of 2019.

(b) The Group invested in Huai'An Jia Wei Industrial Development Co., Ltd. at Huaian and included the entity in the consolidated financial statements on January 8, 2019. The entity mainly engages in construction-related business.

(c) The Group invested in Avary Singapore Private Limited at Singapore and included the entity in the consolidated financial statements on March 18, 2019. The entity mainly engages in holding company business.

(d) The Group invested in Avary Technology (India) Private Limited in India and included the entity in the consolidated financial statements on June 17, 2019. The entity mainly engages in manufacturing of PCB products.

(e) The Group invested in Avary Japan Co., Ltd. in Japan and included the entity in the consolidated financial statements on July 30, 2019. The entity mainly engages in trading of PCB products.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2019, December 31, 2018 and September 30, 2018, the non-controlling interests of the Group amounted to $21,941,384, $22,053,373, and $20,324,496, respectively. The information on subsidiaries and their respective non-controlling interests is as follows:

		Non-controlling interests		
		September 30, 2019		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Avary Holding (Shenzhen) Co., Limited	China	$ 21,941,38	27.18%	

		Non-controlling interests		
		December 31, 2018		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Avary Holding (Shenzhen) Co., Limited	China	$ 22,053,37	27.18%	

		Non-controlling interests		
		September 30, 2018		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Avary Holding (Shenzhen) Co., Limited	China	$ 20,324,49	27.18%	

Summary of the financial information of subsidiaries:

The balance sheets of Avary Holding (Shenzhen) Co., Limited

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	$ 73,479,624	$ 75,194,305	$ 71,614,174
Non-current assets	51,668,835	48,810,042	46,813,341
Current liabilities	(43,566,331)	(42,386,256)	(43,236,859)
Non-current liabilities	(854,436)	(478,361)	(411,610)
Total net assets	$ 80,727,692	$ 81,139,730	$ 74,779,046

The statements of comprehensive income of Avary Holding (Shenzhen) Co., Limited

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Revenue	$ 77,128,863	$ 77,849,946
Profit before income tax	9,661,264	9,118,899
Income tax expense	(1,556,742)	(1,529,901)
Profit	8,104,522	7,588,998
Other comprehensive income (loss), net of tax	116,656	101,661
Total comprehensive income	$ 8,221,178	$ 7,690,659
Comprehensive income attributable to non-controlling interests	$ 1,239,826	$ 1,117,639

The statements of cash flows of Avary Holding (Shenzhen) Co., Limited

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Net cash from operating activities	$ 9,521,779	$ 14,561,213
Net cash used in investing activities	(9,460,847)	(5,730,178)
Net cash from financing activities	(3,216,344)	8,660,256
Effect of exchange rate changes on cash and cash equivalents	(836,604)	(621,077)
Net increase (decrease) in cash and cash equivalents	(3,992,016)	16,870,214
Cash and cash equivalents at beginning of period	34,977,025	9,016,038
Cash and cash equivalents at end of period	$ 30,985,009	$ 25,886,252

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's functional currency is USD; however, the consolidated financial statements are presented in NTD because of regulatory requirements.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss in the period in which they arise.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statements of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the Group's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

When presenting the Group's functional currency-denominated financial statements in NT dollar, the average exchange rates were US$1=NT$31.05 and US$1=NT$29.92 for the nine-month periods ended September 30, 2019 and 2018, respectively. The closing rates were US$1=NT$31.04, US$1=NT$30.72 and US$1=NT$30.53 as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date; or

(d) Cash or cash equivalents, except those that will be swapped or used to repay liabilities at least 12 months after the end of the balance sheet date, and those with restricted uses.

Assets not meeting the above criteria are classified by the Group as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities held mainly for trading purposes;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date; or

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

Liabilities not meeting the above criteria are classified by the Group as non-current liabilities.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets measured at amortised cost or fair value through other comprehensive income are designated as the financial assets at fair value through profit or loss at initial recognition by the Group if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

D. The Group recognises the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

A. The Group may make irrevocable election at initial recognition to recognise the changes in fair value in other comprehensive income for the investments in equity instruments that are not held for trading or the investments in debt instruments that meet both of the following conditions:

(a) The financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets.

(b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity instruments are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. Dividends are recognised in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are meet both of the following conditions:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not meet the condition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets containing a significant financing component, lease receivables, loan commitments and financial guarantee contracts, at each balance sheet date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Group recognises the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~53 years
Machinery and equipment	2~10 years
Leased assets	20 years
Leasehold improvements	5 years
Other equipment	2~15 years

(16) Leasing (lessee)

Applicable for the years beginning on January 1, 2019

A. The Group recognises lease assets as right-of-use assets and lease liabilities at the commencement date of the lease. For short-term leases or leases of low value assets, lease payments are recognised as expenses using the straight-line method during the lease term.

B. The Group measures right-of-use assets at cost on the commencement date of the lease. The costs include the initial measurement amount of lease liabilities and any initial direct costs incurred. The right-of-use assets are subsequently measured by adopting the cost model. The Group depreciates the right-of-use assets at the earlier of the right-of-use assets' useful life or the end of lease term.

C. On the commencement date, the Group measures lease liabilities by the present value of outstanding lease payments, using the Group's incremental borrowing rate. Lease payments include fixed payments less any lease incentives receivable. In subsequent periods, the Group measures lease liabilities at amortised cost using the effective interest method and recognises interest expense during the lease term. If the lease term or lease payment is changed due to reasons other than amendments to the lease contracts, the Group will remeasure the lease liabilities. The remeasurement amount is then recognised as an adjustment to the right-of-use assets.

Applicable for the year beginning on January 1, 2018

Payments under the operating lease, net of any incentives received from the lessors, are recognised in profit or loss on a straight-line basis over the lease term.

(17) Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated based on the operating segment to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(19) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-own occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

C. Extension option is not closed related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(20) Accounts payable

A. Accounts payable are the liabilities for purchases of raw materials, goods or services.

B. The short-term accounts payable without bearing interest are measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled, or expired.

(22) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group are embedded with conversion options (that is, the bondholders have the right to convert the bonds into the Group's ordinary shares by exchanging a fixed amount of cash for a fixed number of ordinary share), call options and put options. In accordance with the terms and conditions of the indenture, the Group classifies the convertible corporate bonds and the embedded derivative instruments on initial recognition as a financial asset, a financial liability or an equity instrument (the 'capital surplus-share options'). Convertible corporate bonds are accounted for as follows:

A. The exercise price of call options and put options embedded in the convertible corporate bonds is approximately equal to the amortised cost of the host debt instrument on each exercise date; therefore, call options and put options are closely related to the host debt contract.

B. Call options, put options and host debt of the convertible corporate bonds are initially recognised at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond outstanding using the effective interest method.

C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognised in the 'capital surplus-share options' at the residual amount of total issue price less amounts of the 'bonds payable' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component shall be remeasured on the conversion date. The carrying amount of ordinary shares issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of 'capital surplus-share options'.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognised as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions shall be recognised as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognised that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Group recognised the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations and significant curtailments, settlements, or other significant one-off events since that time. Also, relevant information will be disclosed in conjunction with the above policy.

C. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' remuneration (bonus) is distributed by shares, the Group calculates the number of shares based on the fair value per share (closing price) at the previous day of the Board of Directors' resolution.

(24) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the quantity of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost is recognised based on the number of equity instruments that eventually vest.

B. Employee restricted stocks:

(a) Employee restricted stocks measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period.

(b) Those restricted stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) Employees have to pay to acquire those restricted stocks. If employees resign during the vesting period, the Group must refund their payments in exchange for the restricted stocks return by the employees. The Group recognises the payments to the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments for the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Different tax regulations are applicable to the Group according to the countries where the companies are registered:

(a) Companies that are registered in Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.

(b) For the companies that are registered in the Republic of China, except for income tax that is estimated in accordance with the tax laws, an additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings. When calculating income tax, except for applying the tax laws to calculate regular tax, the basic tax is calculated under the 'Income Basic Tax Act.' If regular tax is lower than basic tax, the difference between the two shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other regulations.

(c) Income taxes of companies that are registered in Mainland China are calculated in accordance with 'Law of the People's Republic of China on Enterprise Income Tax' and its implementation and related notification letters.

(d) Income taxes of companies that are registered in the Government of the Hong Kong Special Administrative Region of the People's Republic of China are calculated based on the revenue earned in Hong Kong and in accordance with 'Hong Kong Inland Revenue Ordinance'.

(e) For companies registered in Singapore, India, and Japan, they shall estimate business income tax of the current year pursuant to local laws and regulations.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. The income tax expense of an interim period is recognised based on the estimated average annual effective tax rate expected for the full financial year applied to the profit before income tax of the interim period, and the relevant information is disclosed in conjunction with the above policy.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells PCBs and related products. Sales are recognised when control of the products has been transferred, i.e., when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales of PCBs and related products are recognised as the amount of contract price, net of the estimated discounts, credits and price concessions.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financial components

The contract between the Group and the customer, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. The grant is recognised as income over the period necessary to match it with the related costs of the Group, for which it is intended to compensate, on a systematic basis. Government grants related to property, plant and equipment are recognised as non-current liabilities and are recognised as income for current period on a straight-line basis using the estimated useful lives of related assets.

(29) Business combinations

A. The Group accounts for a business combination by applying the acquisition method, unless it is a combination involving entities or businesses under common control or the acquire is a subsidiary of an investment entity, as defined in IFRS 10, 'Consolidated financial statements', which is required to be measured at fair value through profit or loss. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. If the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree is higher than the fair value of the identifiable assets and obligations acquired, the difference is recorded as goodwill; if the fair value of the identifiable assets and obligations acquired is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree, the difference is recognised directly in profit or loss as 'gain recognised in bargain purchase transaction'.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

Critical accounting estimates and assumptions

Accounting estimates are based on the situation on the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgments and estimates. Because of the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Since an evaluation of inventories is principally based on the demand for products within a specified period in the future. Therefore, there might be material changes to the evaluation

As of September 30, 2019, the carrying amount of inventories was $11,014,375.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand and petty cash	$ 3,153	$ 3,232	$ 3,199
Checking accounts and demand deposits	22,840,328	22,631,171	17,926,627
Cash equivalents			
Time deposits	17,967,344	18,018,570	12,755,189
	$ 40,810,825	$ 40,652,973	$ 30,685,015

A. As of September 30, 2019, December 31, 2018 and September 30, 2018, the Group's time deposits with maturity of over three months which are recognised within 'financial assets at amortised cost' are referred to in Note 6(6).

B. The Group has no cash and cash equivalents pledged to others.

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

Item	September 30, 2019	December 31, 2018	September 30, 2018
Current items - assets:			
Forward foreign exchange contracts	$ -	$ 3,437	$ -

A. The Group recognised net gain of \$0, \$0, \$9,697, and \$11,702 within 'financial assets at fair value through profit or loss' for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively.

B. The non-hedging derivative instruments transactions and contract information are as follows:

	December 31, 2018		
Derivatives Instruments	Contract Amount (Notional Principal in Thousands)		Contract Period
Current items:			
Forward foreign exchange contracts	RMB (BUY)	48,934	2018/11~2019/2
	USD (SELL)	(7,000)	

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export transactions. However, these forward foreign exchange contracts do not meet the criteria of hedge accounting.

C. The Group has no outstanding forward foreign exchange contracts as of September 30, 2019 and 2018.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Accounts and notes receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable	$ 64,403	$ 76,594	$ 166,589
Accounts receivable	24,595,940	21,594,939	23,060,348
	24,660,343	21,671,533	23,226,937
Less: allowance for bad debts	(38,960)	(39,673)	(29,640)
	$ 24,621,383	$ 21,631,860	$ 23,197,297
Accounts receivable due from related parties	$ 2,732,741	$ 2,666,750	$ 2,312,295
Less: allowance for bad debts	(4,795)	(22,231)	(22,613)
	$ 2,727,946	$ 2,644,519	$ 2,289,682

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Not past due	$ 27,175,379	$ 24,121,424	$ 25,280,803
Between 1 and 90 days	207,569	205,009	225,315
Between 91 and 180 days	9,106	8,954	23,881
Over 180 days	1,030	2,896	9,233
	$ 27,393,084	$ 24,338,283	$ 25,539,232

B. The balance of notes and accounts receivable as of September 30, 2019 and 2018 is generated from customer contracts. The balance of receivables on customer contracts as of January 1, 2018 was $30,670,120.

C. The Group does not hold any collateral as security.

D. Please refer to Note12(2) for relevant credit risk information.

(4) Other receivables and prepayments

	September 30, 2019	December 31, 2018	September 30, 2018
Other receivables			
Returned deposits receivable	$ 296,062	$ -	$ -
Interests receivable	236,866	198,295	161,342
Business tax refundable	2,089	506,371	1,167,175
Others	67,374	151,117	95,559
	$ 602,391	$ 855,783	$ 1,424,076

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayments			
Excess business tax paid	$ 2,565,827	$ 2,940,840	$ 3,102,391
Prepaid expenses	1,683,001	712,844	701,117
Others	14,494	19,634	32,522
	$ 4,263,322	$ 3,673,318	$ 3,836,030

The Group's Mainland China subsidiaries are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on business tax ('VAT') exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organizations, so the possibility of default is remote. The subsidiaries recognise related refunds and deductibles within 'other receivables' and 'prepayments ', respectively.

(5) Inventories

	September 30, 2019		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	$ 3,236,784	($ 223,175)	$ 3,013,609
Work in process	2,489,621	(84,838)	2,404,783
Finished goods	5,963,931	(367,948)	5,595,983
	$ 11,690,336	($ 675,961)	$ 11,014,375

	December 31, 2018		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	$ 2,305,687	($ 294,428)	$ 2,011,259
Work in process	1,703,362	(79,178)	1,624,184
Finished goods	6,706,002	(257,563)	6,448,439
	$ 10,715,051	($ 631,169)	$ 10,083,882

	September 30, 2018		
	Costs	Allowance for valuation losses	Carrying amount
Raw materials	$ 3,133,872	($ 353,299)	$ 2,780,573
Work in process	2,303,063	(77,606)	2,225,457
Finished goods	6,546,969	(302,263)	6,244,706
	$ 11,983,904	($ 733,168)	$ 11,250,736

Expenses and losses incurred on inventories for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Cost of goods sold	$ 27,406,094	$ 26,028,224	$ 62,218,479	$ 62,261,640
Impairment losses	77,961	180,468	275,180	355,957
Losses on valuation of inventory	47,130	142,577	58,753	259,021
Income from sale of scraps and wastes	(284,529)	(108,655)	(537,014)	(298,409)
	$ 27,246,656	$ 26,242,614	$ 62,015,398	$ 62,578,209

(6) Financial assets at amortised cost

	September 30, 2019	December 31, 2018	September 30, 2018
Current items:			
Time deposits with maturity of over three months	$ 666,618	$ 6,658,081	$ 10,408,818
Guaranteed income financial products	1,862,400	1,843,200	1,831,800
Corporate bonds	62,128	277,516	122,290
	$ 2,591,146	$ 8,778,797	$ 12,362,908
Non-current items:			
Corporate bonds	$ -	$ -	$ 153,931

A. The Group recognised interest income in profit or loss for amortised cost for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively. Please refer to Note 6(25).

B. The Group has no financial assets at amortised cost pledged to others.

C. Please refer to Table 3 for the information of corporate bonds as of September 30, 2019.

D. Please refer to Note12(2) for relevant credit risk information.

(7) Non-current financial assets at fair value through other comprehensive income

	September 30, 2019	December 31, 2018	September 30, 2018
Equity instruments			
Unlisted shares	$ 257,184	$ 120,992	$ 120,992
Valuation adjustment	(58,079)	(68,671)	(53,971)
Net exchange differences	(5,483)	152	176
Total	$ 193,622	$ 52,473	$ 67,197

A. The Group has chosen to classify the investment of SynPower Co., Ltd. and Jiangsu Aisen Semiconductor Material Co., Ltd. that is considered to be the strategic investment as financial assets at fair value through other comprehensive income.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Equity instruments	$ 1,200	($ 12,636)	$ 10,592	($ 53,971)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At January 1, 2019						
Cost	$ 51,075	$ 17,641,398	$ 40,296,156	$ 12,424,359	$ 5,118,832	$ 75,531,820
Accumulated depreciation and impairment	-	(6,908,160)	(20,274,370)	(6,341,540)	(94,584)	(33,618,654)
	$ 51,075	$ 10,733,238	$ 20,021,786	$ 6,082,819	$ 5,024,248	$ 41,913,166
2019						
Opening net carrying amount	$ 51,075	$ 10,733,238	$ 20,021,786	$ 6,082,819	$ 5,024,248	$ 41,913,166
Additions (transfers)	-	2,244,474	4,166,404	2,109,597	860,754	9,381,229
Disposal	-	(337)	(118,006)	(75,612)	-	(193,955)
Depreciation charge	-	(857,646)	(3,140,730)	(1,459,628)	-	(5,458,004)
Impairment losses	-	-	(342,959)	-	-	(342,959)
Net exchange differences	(101)	344,380	(470,579)	(190,055)	(170,392)	(1,175,507)
Closing net carrying amount	$ 50,974	$ 11,775,349	$ 20,115,916	$ 6,467,121	$ 5,714,610	$ 44,123,970
At September 30, 2019						
Cost	$ 50,974	$ 19,288,975	$ 41,293,511	$ 13,748,337	$ 5,806,597	$ 80,188,394
Accumulated depreciation and impairment	-	(7,513,626)	(21,177,595)	(7,281,216)	(91,987)	(36,064,424)
	$ 50,974	$ 11,775,349	$ 20,115,916	$ 6,467,121	$ 5,714,610	$ 44,123,970

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At January 1, 2018						
Cost	$ 50,997	$ 17,000,094	$ 35,240,022	$ 9,798,157	$ 3,124,222	$ 65,213,492
Accumulated depreciation and impairment	-	(6,548,725)	(16,797,220)	(5,186,094)	-	(28,532,039)
	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
2018						
Opening net carrying amount	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
Additions (transfers)	-	1,223,077	5,798,151	1,851,329	1,239,622	10,112,179
Disposal	-	(65,354)	(25,771)	(6,976)	-	(98,101)
Depreciation charge	-	(819,677)	(3,065,023)	(1,044,050)	-	(4,928,750)
Impairment losses	-	-	(355,957)	-	-	(355,957)
Net exchange differences	74	(300,735)	(657,407)	(160,210)	(137,565)	(1,255,843)
Closing net carrying amount	$ 51,071	$ 10,488,680	$ 20,136,795	$ 5,252,156	$ 4,226,279	$ 40,154,981
At September 30, 2018						
Cost	$ 51,071	$ 17,334,029	$ 39,381,877	$ 11,158,048	$ 4,226,279	$ 72,151,304
Accumulated depreciation and impairment	-	(6,845,349)	(19,245,082)	(5,905,892)	-	(31,996,323)
	$ 51,071	$ 10,488,680	$ 20,136,795	$ 5,252,156	$ 4,226,279	$ 40,154,981

A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~53 years and 5~10 years, respectively.

B. The Group evaluates the recoverable amount of assets at the end of the reporting period of the financial statements. The recoverable amount is calculated on the basis of value in use and fair value minus costs to sell. The discount rate for estimating value in use was 5.03% and 7.17%. In addition, fair value is recognised with reference to the replacement cost in accordance with market approach, and the fair value is categorised within Level 3. According to the results of evaluation using the aforementioned method, the Group recognised $342,959 and $355,957 in impairment losses on disposal of property, plant and equipment for the period from January 1 to September 30, 2019 and 2018, respectively. For the period from January 1 to September 30, 2019 and 2018, cost of goods sold was $275,180 and $355,957, respectively; while other gains and losses were $67,779 and $0, respectively. The aforementioned losses were attributed to the PCB segment.

C. The Group has no property, plant and equipment pledged to others.

(9) Right-of-use assets/lease liabilities

A. The underlying assets leased by the Group include land use rights, buildings and company cars. The Group signed land use rights contracts with local governments, and the land will be returned to the local governments once the lease term expires. Except for the land use rights' lease term, which is 30 to 50 years, the terms of other lease contracts range between 2 and 8 years. Lease contracts are individually negotiated and include various terms and conditions. Except for the term where the leased assets cannot be used as collateral for loans, there are no other restrictions.

B. Information on the carrying amount and depreciation expense of the right-of-use assets is as follows:

	September 30, 2019
	Carrying amount
Land use rights	$ 7,970,032
Buildings	238,651
Transportation equipment (company cars)	25,335
	$ 8,234,018

	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019
	Depreciation expense	Depreciation expense
Land use rights	$ 58,274	$ 190,461
Buildings	20,235	61,056
Transportation equipment (company cars)	4,192	12,496
	$ 82,701	$ 264,013

C. The additions to right-of-use assets for the nine-month period ended September 30, 2019 amounted to $739,816. As of September 30, 2019, the amount of $719,677 was still under the registration process in the land use rights contracts signed between the Group's subsidiaries and local governments.

D. For lease contracts with terms less than 12 months or leases of low value assets, the lease payments are recognised as rental expenses for the current period. Profit and loss items associated with lease contracts are as follows:

	For the three-month period ended September 30, 2019	For the nine-month period ended September 30, 2019
Items affecting the profit and loss of the period		
Interest expense of lease liabilities	$ 2,060	$ 6,721
Rent expense of short-term leases	$ 106,580	$ 184,132

E. Cash outflows from leases for the nine-month period ended September 30, 2019 amounted to $1,277,008.

(10) Intangible assets

	September 30, 2019	December 31, 2018	September 30, 2018
Goodwill	$ 92,676	$ 91,721	$ 91,153

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Beginning balance	$ 91,721	$ 88,854
Net exchange differences	955	2,299
Ending balance	$ 92,676	$ 91,153

The Group acquired 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, recognised as goodwill under the acquisition method.

(11) Other non-current assets

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayments for equipment	$ 143,378	$ 84,994	$ 83,735
Refundable deposits	98,825	44,842	45,462
Long-term prepaid rents (land use rights)	-	7,727,595	7,723,066
Others	384,905	273,668	269,999
	$ 627,108	$ 8,131,099	$ 8,122,262

A. The Group' subsidiaries signed land use right contracts with local governments. The subsidiaries will return the rights to the local governments when the contract expires. Since January 1, 2019, the land use rights were reclassified as right-of-use assets. Please refer to Note 6(9) for details.

B. The Group recognised rent expense of $62,846 and $93,688 for the three-month and nine-month periods ended September 30, 2018, respectively.

(12) Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Credit loans	$ 10,786,421	$ 9,184,066	$ 12,540,625
Interest rate range	2.45%~2.89%	2.23%~4.79%	2.44%~4.80%

(13) Other payables

	September 30, 2019	December 31, 2018	September 30, 2018
Wages and bonuses payable	$ 4,132,797	$ 3,289,246	$ 3,287,568
Payable on machinery and equipment	2,730,378	4,190,436	3,271,554
Payable on mold and jig	1,534,537	1,864,188	1,543,501
Repairs and maintenance fees payable	985,320	928,325	672,321
Payable on consumable goods	515,520	500,549	602,278
Others	2,350,613	2,573,778	2,857,589
	$ 12,249,165	$ 13,346,522	$ 12,234,811

(14) Bonds payable

	September 30, 2019	December 31, 2018	September 30, 2018
2nd overseas unsecured convertible bonds:			
Bonds payable	$ -	$ 8,794,901	$ 8,740,505
Less: Discount on bonds payable	-	(95,582)	(142,486)
	-	8,699,319	8,598,019
Less: Current portion of bonds payable (within 'long-term liabilities, current portion')	-	(8,699,319)	(8,598,019)
Bonds payable	$ -	$ -	$ -

A. Conditions for 2nd issuance of overseas unsecured convertible bonds are as follows:

(a) The competent authority has approved the Company's second issuance of overseas unsecured corporate bonds on June 6, 2014. The total issue amount of the bonds is USD 300,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 26, 2014 to June 26, 2019.

(b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of June 26, 2019, the conversion price was NTD 86.166 (exchange rate of NTD 30.02 to USD 1).

(c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0.125% (calculated semi-annually) as interest compensation (100.38% of the principal amount of the corporate bonds) on the day when three years have elapsed since issuance of the bonds. On June 26, 2017, the bondholders redeemed a total of USD 15,500 thousand.

(d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0.125% based on the principal amount (calculated semi-annually). The redemption amount is about 100.63% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.

(e) According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.

(f) According to the terms of the bonds, the rights and obligations of newly issued shares after conversion are the same as other issued ordinary shares. As of June 26, 2019, the maturity date of convertible bonds, the Company's 2nd issuance of overseas unsecured convertible bonds with the amount of USD 279,800 thousand was converted at the conversion price then into ordinary shares of $974,815 (i.e., 97,481,528 shares) at a par value of $10, and resulted in 'capital surplus-premium of convertible bonds' of $8,251,204. The remaining unconverted corporate bonds with a par value of USD 4,700 thousand will be redeemed upon maturity.

(g) The effective rate of the corporate bonds is 2.3%.

B. Regarding the 1st issuance of overseas unsecured convertible bonds in 2012, the equity conversion options were separated from the liability component in accordance with IAS 32. As of June 7, 2015, the maturity date of convertible bonds, the remaining unconverted shared options were recognised within 'capital surplus-expired share options' of $258.

C. Regarding the 2nd issuance of overseas unsecured convertible bonds in 2014, the equity conversion options were separated from the liability component in accordance with IAS 32. The 2nd overseas unsecured convertible bonds issued by the Group were redeemed a total of USD 15,500 thousand and USD 4,700 thousand on June 26, 2017 and June 26, 2019, respectively. The remaining unconverted share options recognised within 'capital surplus-expired share options' amounted to $45,401 and $13,767, respectively.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term		September 30, 2019
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	$	9,312,000
Less: Syndicated loan arrangement fees		(	15,520)
		$	9,296,480
Interest rate			3.29%

Type of borrowings	Borrowing period and repayment term		December 31, 2018
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from April 4, 2021 in two installments; 50% of principal has to be repaid respectively.	$	9,216,000
Less: Syndicated loan arrangement fees		(	21,120)
		$	9,194,880
Interest rate			3.41%

Type of borrowings	Borrowing period and repayment term		September 30, 2018
Syndicated loans	Borrowing period is from December 28, 2016 to April 4, 2019; principal is repayable semiannually from October 4, 2018 in two installments; 50% of principal has to be repaid respectively.	$	9,159,000
Less: Syndicated loan arrangement fees		(	5,022)
Less: Current portion of long-term borrowings (within ' Long-term liabilities, current portion ')		(	9,153,978)
		$	-
Interest rate			3.54%

During the terms of the syndicated loans, in accordance with the syndicated loan agreement, the Company is required to calculate and maintain certain level of current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements.

(16) Pensions

A. Defined benefit plan

(a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd., has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the 'Fund'). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiary is required to fund the deficit in one appropriation before the end of next March.

(b) The pension costs recognised by the Group in accordance with the above pension plan were $13, $14, $39, and $40 for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group are $15 for the year ended December 31, 2020.

B. Defined contribution plan

(a) Effective July 1, 2005, the Taiwan subsidiary of the Group has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised by the Group in accordance with the New Plan were $8,638, $6,410, $22,229, and $18,368 for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively.

(b) The Mainland China subsidiaries of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages with the contribution percentage of 10%~20%, and pension is contributed to the employees' individual pension accounts. Pension of each employee is managed by the government. Other than the monthly contributions, the Group has no further obligations. The pension expenses recognised in accordance with local regulations were $261,512, $354,523, $785,360, and $793,239 for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively.

(17) Share-based payment

A. The share-based payment arrangements of the Company's subsidiary, Avary Holding (Shenzhen) Co., Limited, are as follows:

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2017.02.27	185,080 thousand shares	7 years	(a)(b)

(a) The restricted stocks are not vested until an employee remains employed by Avary Holding (Shenzhen) Co., Limited for 7 years starting from the subscription date and achieves the performance goal. For an employee who does not satisfy the vesting conditions, the employee's investment will be refunded net by the Group at the investment amount or the carrying amount of assets, whichever is lower. However, appropriated dividends are not required to be returned.

(b) Until the achievement of the vesting conditions, the right and obligations are as follows: cannot sell, pledge, transfer, give to others, create a right in rem over the stocks, or any other form of disposal.

B. Employee restricted stocks

The numbers of employees restricted stocks are as follows (in thousand shares):

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Outstanding as of January 1	185,080	185,080
Numbers granted for the current period	-	-
Numbers returned for the current period	(1,808)	-
Outstanding as of September 30	183,272	185,080

C. Expenses incurred on the share-based payment are as follows:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Expenses incurred on employees restricted shares	$ 30,389	$ 24,821	$ 92,809	$ 76,053

(18) Share capital

A. As of September 30, 2019, the Company's authorised capital was $16,000,000, and the issued capital was $9,022,299, consisting of 902,230 thousand ordinary shares with a par value of NTD 10 per share.

Numbers of the Company's outstanding ordinary shares at the beginning and ending of periods were reconciled as follows:

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
	Shares (thousand shares)	Shares (thousand shares)
At January 1	804,748	804,748
Shares of bond conversion	97,482	-
At September 30	902,230	804,748

B. For the nine-month period ended September 30, 2019, the Company's 2nd issuance of overseas unsecured convertible bonds with the amount of USD 279,800 thousand was converted into 97,482 thousand ordinary shares at a par value of NTD 10, and the paid-in capital increased by $974,815.

(19) Capital surplus

	For the nine-month period ended September 30, 2019					
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 10,057,967	$ 22,000,657
Employee restricted stocks	-	-	-	-	67,584	67,584
Conversion of convertible bonds	-	8,251,204	(833,332)	13,767	-	7,431,639
At September 30	$ 5,690,348	$ 13,624,555	$ -	$ 59,426	$ 10,125,551	$ 29,499,880

	For the nine-month period ended September 30, 2018					
	Additional paid-in capital arising from ordinary share	Additional paid-in capital arising from bonds conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 2,908,608	$ 14,851,298
Employee restricted stocks	-	-	-	-	61,107	61,107
Changes in non-controlling interests	-	-	-	-	7,052,714	7,052,714
At September 30	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 10,022,429	$ 21,965,119

A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.

B. Please refer to Note 6(14) for the details of capital surplus-share options, capital surplus-expired share options and capital surplus-additional paid-in capital arising from bond conversion.

(20) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the Company shall set aside out of the current year's earnings sequentially as follows:

(a) A reserve for payment of tax for the relevant financial year;

(b) An amount to offset losses incurred in previous years;

(c) Ten percent (10%) as a general reserve, and

(d) A special surplus reserve as required by the applicable securities authority under the applicable public company rules or a reserve as determined by the Board of Directors.

The remainder shall be distributed pursuant to the proposal of the Board of Directors in accordance with the Company's dividend policy and resolved by the shareholders' meeting.

B. The appropriations of 2018 and 2017 earnings were approved by the shareholders' meeting on June 21, 2019 and June 4, 2018, respectively. Details are summarised as follows:

	For the year ended of December 31, 2018		For the year ended of December 31, 2017	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
General reserve	$ 844,779		$ 517,244	
Special reserve	1,230,393		29,559	
Cash dividends	4,023,742	4.46	2,655,670	3.30
Total	$ 6,098,914		$ 3,202,473	

Information on the appropriation of the Company's earnings as resolved at the shareholders' meeting is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

C. Regarding employees' remuneration and directors' remuneration, please refer to Note 6(24).

(21) Other equity interest

	Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1, 2019	($ 68,671)	($ 2,879,635)	($ 2,948,306)
Valuation adjustment	10,592	-	10,592
Currency translation differences			
- Group	-	(1,292,114)	(1,292,114)
At September 30, 2019	($ 58,079)	($ 4,171,749)	($ 4,229,828)

	Total unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1, 2018	$ -	($ 1,717,913)	($ 1,717,913)
Valuation adjustment	(53,971)	-	(53,971)
Currency translation differences:			
- Group	-	(1,585,402)	(1,585,402)
At September 30, 2018	($ 53,971)	($ 3,303,315)	($ 3,357,286)

(22) Operating revenue

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Revenue from customer contracts	$ 35,601,549	$ 35,346,568	$ 78,094,966	$ 78,770,866

The Group's revenue comes from product and services transferred at a certain time point. Revenue by region is further divided based on the country in which customer is located:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Revenue from customer contracts				
United States	$ 20,221,117	$ 24,714,634	$ 49,495,648	$ 53,989,165
China	9,965,320	7,456,815	18,544,083	16,035,578
Taiwan	2,570,432	1,472,222	5,273,770	4,175,560
Other regions	2,844,680	1,702,897	4,781,465	4,570,563
	$ 35,601,549	$ 35,346,568	$ 78,094,966	$ 78,770,866

(23) Additional information on expenses

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Employee benefit expenses	$ 4,604,908	$ 4,133,053	$ 11,506,744	$ 10,506,006
Depreciation	1,881,574	1,679,441	5,722,017	4,928,750
Amortisation	48,219	25,034	119,953	64,821
	$ 6,534,701	$ 5,837,528	$ 17,348,714	$ 15,499,577

(24) Employee benefit expenses

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Wages and salaries	$ 3,758,975	$ 3,215,230	$ 9,212,962	$ 8,203,102
Employees' remuneration	31,743	52,174	49,773	65,644
Labor and health insurance fees	152,815	161,401	423,443	409,217
Pension expenses	270,163	360,947	807,628	811,647
Other personnel expenses	391,212	343,301	1,012,938	1,016,396
	$ 4,604,908	$ 4,133,053	$ 11,506,744	$ 10,506,006

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employee's remuneration between zero point five percent (0.5%) and twenty percent (20%) and distribute directors' remuneration no higher than zero point five percent (0.5%) of the distributed earnings covering accumulated losses. The Company has recognised related remuneration for the nine-month period ended September 30, 2019 in accordance with the above Articles of Incorporation.

B. The Company recognised employees' remuneration of $31,743, $52,174, $49,773, and $65,644; and directors' remuneration of $2,620, $2,611, $7,856 and $7,869 for the three-month and nine-month periods ended September 30, 2019 and 2018, respectively.

C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2018 were equal to the amount recognised in the financial statements for the year ended December 31, 2018.

D. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(25) Other income

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Interest income				
Interest income from bank deposits	$ 236,163	$ 136,076	$ 787,927	$ 302,400
Interest income from financial assets measured at amortised cost	36,964	112,742	195,202	423,982
Government grants revenue	155,510	208,598	469,160	278,032
Others	21,197	22,194	63,118	65,351
	$ 449,834	$ 479,610	$ 1,515,407	$ 1,069,765

(26) Other gains and losses

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Net currency exchange gains (losses)	$ 382,102	$ 176,724	$ 247,494	($ 262,149)
Net gains on financial assets at fair value through profit or loss	-	-	9,697	11,702
Net gains (losses) on disposal of property, plant and equipment	(12,394)	(73,783)	13,619	(64,051)
Impairment losses on property, plant and equipment	(47,249)	-	(67,779)	-
Others	(3,243)	(24,896)	(40,072)	(52,739)
	$ 319,216	$ 78,045	$ 162,959	($ 367,237)

(27) Finance costs

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Interest expenses				
Bank borrowings	$ 152,524	$ 188,504	$ 485,967	$ 541,663
Amortisation of convertible bond discounts	-	47,729	48,862	139,640
Amortisation of syndicated loan arrangement fees	1,949	2,524	5,822	7,383
Interest on lease liabilities	2,060	-	6,721	-
	$ 156,533	$ 238,757	$ 547,372	$ 688,686

(28) Income tax

A. Components of income tax expense

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Current tax:				
Tax payable arising from the current period	$ 955,541	$ 1,041,579	$ 2,135,074	$ 1,953,416
Adjustments in respect of prior years	35	(39,980)	(147,317)	(51,383)
Total current tax	955,576	1,001,599	1,987,757	1,902,033
Deferred tax:				
Origination and reversal of temporary differences	128,324	175,048	(235,797)	(136,577)
Effect from tax rate change	-	17	-	(8,148)
Total deferred tax	128,324	175,065	(235,797)	(144,725)
Income tax expense	$ 1,083,900	$ 1,176,664	$ 1,751,960	$ 1,757,308

B. The income tax returns of the Group's subsidiary, Zhen Ding Technology Co., Ltd., have been assessed and approved through 2017 by the Tax Authority.

C. The income tax returns of the Group's subsidiary, Garuda Technology Co., Ltd., have been assessed and approved through 2017 by the Tax Authority.

D. Under the amendments to the Income Tax Act of Taiwan issued into effect on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(29) Earnings per share

	For the three-month period ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,405,469	895,516	$ 3.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,405,469	895,516	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	448	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 3,405,469	895,964	$ 3.80

	For the three-month period ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,757,593	804,748	$ 4.67
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,757,593	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	47,729	99,119	
Employees' remuneration	-	963	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 3,805,322	904,830	$ 4.21

	For the nine-month period ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,005,001	865,605	$ 5.78
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,005,001	865,605	
Assumed conversion of all dilutive potential ordinary shares			
Employees' remuneration	-	715	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 5,005,001	866,320	$ 5.78

	For the nine-month period ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,885,584	804,748	$ 6.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 4,885,584	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	139,640	99,119	
Employees' remuneration	-	1,301	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 5,025,224	905,168	$ 5.55

As employees' remuneration might be distributed in the form of shares, the diluted EPS is calculated based on the assumption that all distribution will be in the form of shares in the calculation of the weighted-average number of ordinary shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential ordinary shares.

(30) Non-controlling interest transactions

A. The Group's subsidiary, Avary Holding (Shenzhen) Co., Limited, issued new shares on September 11, 2018 for cash capital increase. The Group's ownership reduced by 8.09% because it did not subscribe to shares in accordance with shareholding ratio. This transaction increased non-controlling interests by $9,102,166, and equity attributable to owners of parent increased by $7,052,714.

B. Impact of equity changes for the nine-month period ended September 30, 2018 on equity attributable to owners of parent is as follows:

	For the nine-month period ended September 30, 2018
Cash capital increase	$ 16,154,880
Increase in carrying amount of non-controlling interests	(9,102,166)
Impact of equity attributable to owners of parent	$ 7,052,714
Adjustment to equity attributable to owners of parent:	
Retained earnings	$ -
Capital surplus - Changes in subsidiaries' equity recognised	$ 7,052,714

(31) Additional information of cash flows

A. Investing activities with partial cash payment:

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Acquisition of property, plant and equipment	$ 9,381,229	$ 10,112,179
Add: Opening balance of payable on machinery and equipment (within 'other payables')	4,190,436	3,066,678
Less: Ending balance of payable on machinery and equipment (within 'other payables')	(2,730,378)	(3,271,554)
Net exchange differences	(62,106)	(93,069)
Cash paid during the period	$ 10,779,181	$ 9,814,234

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Acquisition of land use rights (within 'right-of-use assets')	$ 719,677	$ 3,926,446
Add: Opening balance of payable on land use rights (within 'other payables')	292,776	-
Less: Ending balance of payable on land use rights (within 'other payables')	-	(474,621)
Net exchange differences	3,107	(17,106)
Cash paid during the period	$ 1,015,560	$ 3,434,719

B. Financing activities that do not affect cash flow

		For the nine-month period ended September 30, 2019
Share capital of ordinary shares converted from convertible bonds	$	974,815
Capital surplus		
Additional paid-in capital from bonds conversions		8,251,204
Share options	(	819,565)
Equity from convertible bonds	$	8,406,454

C. Changes in liabilities from financing activities

The change of the Group in liabilities from financing activities for the nine-month period ended September 30, 2019 and 2018, were all caused by changes in the cash flows from financing activities and exchange rate fluctuations. There were no non-cash changes. Please refer to the consolidated statements of cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	The entity has significant influence over the Group
CyberTAN Technology Inc. and its subsidiaries	Other related parties
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties

(2) Significant related parties transactions and balances

A. Sales

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Sale of goods:				
- Entity with significant influence over the Company	$ 2,385,337	$ 1,910,894	$ 5,150,362	$ 4,572,057
- Other related parties	287,289	341,457	676,634	988,264
	$ 2,672,626	$ 2,252,351	$ 5,826,996	$ 5,560,321

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the sale prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months.

B. Purchases

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Purchase of goods:				
- Entity with significant influence over the Company	$ 298,767	$ 787,576	$ 635,039	$ 1,804,005
- Other related parties	287,334	-	910,131	-
Total	$ 586,101	$ 787,576	$ 1,545,170	$ 1,804,005

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the purchase prices and payment terms to related parties were similar to third parties. The normal payment term is around 1 to 4 months.

C. Accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable - related parties:			
- Entity with significant influence over the Company	$ 2,515,627	$ 2,409,295	$ 2,051,886
- Other related parties	217,114	257,455	260,409
	2,732,741	2,666,750	2,312,295
Less: Allowance for bad debts	(4,795)	(22,231)	(22,613)
Total	$ 2,727,946	$ 2,644,519	$ 2,289,682

D. Accounts payable

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable - Related parties:			
- Entity with significant influence over the Company	$ 143,439	$ 139,496	$ 810,739
- Other related parties	373,537	883,145	-
	$ 516,976	$ 1,022,641	$ 810,739

(3) Key management remuneration

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Short-term employee benefits	$ 10,769	$ 15,803	$ 39,585	$ 40,785

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet paid is as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Property, plant and equipment	$ 1,044,599	$ 2,817,011	$ 276,290

B. Operating lease agreement

The Group entered into 5-year office and equipment contracts with third parties. Under the contracts, the Group's future minimum lease payments are as follows:

	December 31, 2018	September 30, 2018
Within one year	$ 155,534	$ 120,344
Between one and five years	286,722	237,010
	$ 442,256	$ 357,354

The Group adopted IFRS 16 since January 1, 2019 and recognised right-of-use assets and lease liabilities for lease contracts pursuant to relevant standards, IFRIC interpretations, and SIC interpretations. Please refer to Note 6(9) for details. Short-term leases have terms less than one year.

C. The amount of unused letters of credit for the acquisition of property, plant and equipment is as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Unused letters of credit	$ 2,121,002	$ 1,152,059	$ 1,449,252

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares when convertible bonds are converted, or issue new shares for consideration to achieve optimal structure.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
Financial assets at amortised cost	$ 71,353,691	$ 75,133,566	$ 70,414,616
Financial assets at fair value through profit or loss	-	3,437	-
Financial assets at fair value through other comprehensive income	193,622	52,473	67,197
	$ 71,547,313	$ 75,189,476	$ 70,481,813
Financial liabilities			
Financial liabilities at amortised cost	$ 51,767,388	$ 58,615,242	$ 60,451,858
Lease liabilities	266,832	-	-
	$ 52,034,220	$ 58,615,242	$ 60,451,858

Note: Financial assets at amortised cost include cash and cash equivalents, accounts receivable (including to related parties), other receivables and other current assets; financial liabilities at amortised cost include short-term borrowings, accounts payable (including due from related parties), other payables, current portion of long-term liabilities, long-term borrowings, bonds payable and guarantee deposits received.

B. Risk management policies

(a) Risk categories

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control various kinds of financial risks it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b) Management objectives

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be eliminated via internal control or operational procedures. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimise its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of trends in the external economic/financial environment, internal operating conditions and the actual effects of market fluctuations.

iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.

iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system

i. Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

ii. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.

ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB or NTD) so it is impacted by the exchange rate fluctuations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2019			For the nine-month period ended September 30, 2019	
				Sensitivity analysis	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD: NTD	290,014	31.04	$ 9,002,035	1%	$ 90,020
USD: RMB	1,428,179	7.0729	43,940,946	1%	439,409
Net effect in consolidated entities with foreign currencies					
USD: NTD	2,362,732	31.04	73,339,201	1%	733,392
Financial liabilities					
Monetary items					
USD: NTD	242,029	31.04	7,512,580	1%	75,126
USD: RMB	985,497	7.0729	30,320,901	1%	303,209
JPY: RMB	1,977,074	0.0657	565,030	1%	5,650

	December 31, 2018			For the year ended December 31, 2018	
				Sensitivity analysis	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD: NTD	248,050	30.72	$ 7,620,096	1%	$ 76,201
USD: RMB	1,460,211	6.8632	44,825,149	1%	448,251
Net effect in consolidated entities with foreign currencies					
USD: NTD	2,205,165	30.72	67,742,669	1%	677,427
Financial liabilities					
Monetary items					
USD: NTD	182,577	30.72	5,608,765	1%	56,088
USD: RMB	950,743	6.8632	29,185,642	1%	291,856
JPY: RMB	2,383,504	0.0619	659,774	1%	6,598

	September 30, 2018			For the nine-month period ended September 30, 2018	
				Sensitivity analysis	
	Foreign currency (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD: NTD	251,914	30.53	$ 7,690,934	1%	$ 76,909
USD: RMB	1,317,751	6.8792	40,185,469	1%	401,855
Net effect in consolidated entities with foreign currencies					
USD: NTD	2,082,954	30.53	63,592,586	1%	635,926
Financial liabilities					
Monetary items					
USD: NTD	172,686	30.53	5,272,104	1%	52,721
USD: RMB	1,043,453	6.8792	31,820,615	1%	318,206
JPY: RMB	2,314,407	0.0607	622,819	1%	6,228

v. Please refer to Note 6(26) for the total exchange gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2019 and 2018.

Interest rate risk for cash flow and fair value

The Group's interest rate risk mainly arises from borrowings. Borrowings at floating rates expose the Group to interest rate risk of cash flow, which is partially offset by cash and cash equivalents held at floating rates.

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of $37,685 and $40,687 for the nine-month periods ended September 30, 2019 and 2018, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

The financial assets at amortised cost held by the Group are fixed-rate products, and their changes of fair value arise from changes in market interest rate. However, the Group would hold the financial assets to the maturity because of the return at the effective rates for the duration, thus, there are no gains or losses on disposal or valuation arising from change in fair value.

Price risk

The Group's investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income. The price of equity securities would be affected by the uncertainty of the future value of underlying investment. However, the Group expects the price fluctuations do not have significant impact on the price of equity securities.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments, and is managed and monitored by the Group treasury. The clients and counterparties are government organisations, banks with high credit quality and financial institutions with investment grade; thus, there is no significant default risk and critical credit risk.

ii. The Group assess whether there has been significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(ii) Delinquency or default in interest or principal payments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

iv. The default occurs when the contract payment are more than 90 days past due.

v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

Financial assets at amortised cost

The Group's investments in debt classified as financial assets at amortised are low credit risk, and the carrying amount is measured as the expected credit loss for the 12 months following the balance sheet date.

Financial assets at fair value through profit or loss

The counterparties are banks with high credit quality and financial institutions with investment grade, so it expects that the probability of counterparty default is remote.

The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of 'financial assets at fair value through profit or loss'.

Accounts receivable (including from related parties)

(i) The Group applies the following approaches to assess the expected credit losses (the 'ECLs') of accounts receivable:

1. Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.

2. Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.

3. Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.

4. As of September 30, 2019, December 31, 2018, and September 30, 2018, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	Individual	Group 1	Group 2	Group 3	Group 4	Total
As of September 30, 2019						
Expected loss rate		003%.	0.07%	0.10%~1.00%	1%~5%	
Total book value	$ -	$ 16,858,619	$ 8,376,631	$ -	$ 2,157,834	$ 27,393,084
Loss allowance	$ -	($ 5,058)	($ 5,864)	$ -	($ 32,833)	($ 43,755)

	Individual	Group 1	Group 2	Group 3	Group 4	Total
As of December 31, 2018						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total book value	$ -	$ 17,427,762	$ 3,766,937	$ -	$ 3,143,584	$ 24,338,283
Loss allowance	$ -	($ 5,228)	($ 2,637)	$ -	($ 54,039)	($ 61,904)

	Individual	Group 1	Group 2	Group 3	Group 4	Total
As of September 30, 2018						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total book value	$ -	$ 19,743,116	$ 2,879,561	$ -	$ 2,916,555	$ 25,539,232
Loss allowance	$ -	($ 5,922)	($ 2,016)	$ -	($ 44,315)	($ 52,253)

Group 1: Standard Poor's, Fitch Ratings or Moody's ratings in A category, or A category

rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.

Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

(ii) Movements on allowance for accounts receivable adopting the modified approach (including due from related parties) as follows:

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Opening balance	$ 61,904	$ 49,182
Provision for (reversal of) impairment losses	(18,576)	694
Net exchange differences	427	2,377
Ending balance	$ 43,755	$ 52,253

Other receivables

The Group's subsidiaries incorporated in Mainland China are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on VAT exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organisations, so the possibility of default is remote.

Financial assets at fair value through other comprehensive income

The equity securities issuer has high credit quality and the Group controls its credit risk through transaction limits control and critical assessment of credit rating levels, so it expects that the probability of default is remote.

(c) Liquidity risk

i. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities (Note 6) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and applicable external regulatory or legal requirements, such as foreign currency restrictions.

ii. The Group has the following undrawn borrowing facilities:

	September 30, 2019	December 31, 2018	September 30, 2018
Expiring within one year	$ 35,066,731	$ 35,316,650	$ 31,390,187
Expiring beyond one year	11,521,449	5,233,200	6,001,192
	$ 46,588,180	$ 40,549,850	$ 37,391,379

iii. The following table analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the following table are the contractual undiscounted cash flows. The remaining period of corporate bonds payable is expressed as the period between the balance sheet date and the redeemable date by holders. Except those listed in the following table, all of the Group's non-derivative financial liabilities will attain maturity within one year:

Non-derivative financial liabilities:

September 30, 2019	Less than one year	Over one year	Total
Long-term borrowings	$ -	$ 9,312,000	$ 9,312,000
Guarantee deposits received	-	121,566	121,566
Lease liabilities	97,353	181,506	278,859
	$ 97,353	$ 9,615,072	$ 9,712,425

Non-derivative financial liabilities:

December 31, 2018	Less than one year	Over one year	Total
Bonds payable	$ 8,794,901	$ -	$ 8,794,901
Long-term borrowings	-	9,216,000	9,216,000
Guarantee deposits received	-	110,990	110,990
	$ 8,794,901	$ 9,326,990	$ 18,121,891

Non-derivative financial liabilities:

September 30, 2018	Less than one year	Between one and two years	Total
Bonds payable	$ 8,740,505	$ -	$ 8,740,505
Long-term borrowings	9,159,000	-	9,159,000
Guarantee deposits received	-	110,632	110,632
	$ 17,899,505	$ 110,632	$ 18,010,137

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(d) Cash flow risk of changes from interest rate

For the Group's borrowings at floating rates, the effective interest rate changes according to market interest rates. However, the working capital of the Group is sufficient to hedge the cash flow risk due to changes in interest rate. Furthermore, the Group's borrowings as fixed rates and lease payable have no cash flow risk due to changes in market interest rate.

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g., as prices) or indirectly (e.g., derived from prices). The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Financial instruments not measured at fair value

(a) Except for those listed in the following table below, the carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, financial assets at amortised cost-time deposits due for more than three months, financial assets at amortised cost-guaranteed income financial products, accounts receivable (including due from related parties), other receivables, other current assets, short-term borrowings, accounts payable (including related parties), other payables, lease liabilities, and long-term borrowings (including current portion). The fair value of financial assets measured at cost is not disclosed because it cannot be reliably measured:

	September 30, 2019			
		Fair value		
	Carrying value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost-corporate bonds	$ 62,128	$ 61,942	$ -	$ -
Financial liabilities:				
Guarantee deposits received	$ 121,566	$ -	$ 121,311	$ -

	December 31, 2018			
		Fair value		
	Carrying value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost-corporate bonds	$ 277,516	$ 271,806	$ -	$ -
Financial liabilities:				
Bonds payable	$ 8,699,319	$ -	$ 8,752,891	$ -
Guarantee deposits received	110,990	-	110,757	-
Total	$ 8,810,309	$ -	$ 8,863,648	$ -

	September 30, 2018			
		Fair value		
	Carrying value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost-corporate bonds	$ 276,221	$ 269,306	$ -	$ -
Financial liabilities:				
Bonds payable	$ 8,598,019	$ -	$ 8,675,861	$ -
Guarantee deposits received	110,632	-	110,400	-
Total	$ 8,708,651	$ -	$ 8,786,261	$ -

(b) The methods and assumptions of fair value measurement are as follows:

i. Financial assets at amortised cost-corporate bonds: The fair value is the quoted price in active markets.

ii. Bonds payable: Regarding the convertible bonds issued by Group, the fair value is estimated based on the expected cash flows using the present value and market rate.

iii. Guarantee deposits received: The fair value is estimated using the present value of the expected cash flows. The discount rate refers to the fixed interest rate of postal savings for a one-year time deposit.

C. Financial instruments measured at fair value

(a) The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 193,622	$ 193,622

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 3,437	$ -	$ 3,437
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 52,473	$ 52,473

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 67,197	$ 67,197

(b) The methods and assumptions that the Group used to measure the fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (i.e., Level 1).

ii. Except for the financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The Level-3 movement for the nine-month periods ended September 30, 2019 and 2018, is as follows:

	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
	Equity securities	Equity securities
Opening balance	$ 52,473	$ 120,992
Addition of financial assets at fair value through other comprehensive income	136,192	-
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	10,592	(53,971)
Net exchange differences	(5,635)	176
Ending balance	$ 193,622	$ 67,197

(a) External appraiser is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in accordance with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(b) The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value as of September 30, 2019	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	$ 62,878	Market comparable companies	Enterprise value to EBIT multiple	6.19~30.09 [7.13]	The higher the EBIT, the higher the fair value
			Price to net value multiple	1.25~8.42 [1.73]	The higher the net value of shares, the higher the fair value
Unlisted shares	$ 130,744	Market comparable companies	Enterprise value to EBIT multiple	38.69~62.75 [53.63]	The higher the EBIT, the higher the fair value

	Fair value as of December 31, 2018	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	$ 52,473	Market comparable companies	Enterprise value to EBIT multiple	8.69~14.68 [10.29]	The higher the EBIT, the higher the fair value
			Price to net value multiple	[1.53]	The higher the net value of shares, the higher the fair value

	Fair value as of September 30, 2018	Valuation technique	Significant unobservable input	Range [Weighted average]	Relationship of inputs to fair value
Equity securities:					
Unlisted shares	$ 67,197	Market comparable companies	Enterprise value to EBIT multiple	8.86~18.05	The higher the EBIT, the higher the fair value

(c) The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, the use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			For the nine-month period ended September 30, 2019	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	$ 193,622	± 1%	$ 1,936	($ 1,936)

			For the year ended December 31, 2018	
			Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change
Financial assets				
Equity instruments	$ 52,473	± 1%	$ 525	($ 525)

	Input		Change	For the nine-month period ended September 30, 2018 — Recognised in other comprehensive income — Favourable change		Unfavourable change	
Financial assets							
Equity instruments	$	67,197	± 1%	$	672	($	672)

E. For the nine-month period ended September 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the nine-month period ended September 30, 2019 and 2018, there was no transfer into or out from Level 3.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exxcerding NT$300 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative financial instruments: Please refer to Note 6(2).

J. The business relationship and significant transactions between the inter-companies: Please refer to table 6.

(2) Information on investees

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

Names, locations and other information of investee companies (excluding the investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 8.

B. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: None.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing of various types of PCB products. The chief operating decision-maker considers the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria (similar gross profit margin and expected growth rate). In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income, which reflect internal cost and expense allocation. Except for inter-segment charges, which were determined based on the Group's internal policy, accounting policies of operating segments are in agreement with Note 4, 'Summary of significant accounting policies'.

(2) Reportable segment information

Reportable segment information provided to the chief operating decision maker is as follows:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Revenue from external customers	$ 35,601,549	$ 35,327,198	$ 78,071,125	$ 78,745,733
Inter-segment revenue	-	-	-	-
Segments' revenue	$ 35,601,549	$ 35,327,198	$ 78,071,125	$ 78,745,733
Measure of segment profit	$ 5,276,247	$ 5,199,943	$ 8,309,152	$ 7,988,346

(3) Reconciliation of reportable segment's revenue and measure of profit and loss

Sales between segments are carried out at fair value. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

The reconciliation from total reportable segment's revenue to the enterprise income and from segment profit from reportable segment to the net income for the current period is as follows:

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Reportable segment's revenue	$ 35,601,549	$ 35,327,198	$ 78,071,125	$ 78,745,733
Other operating segments' revenue	-	19,370	23,841	25,133
Total segment revenue (i.e., the consolidated revenue)	$ 35,601,549	$ 35,346,568	$ 78,094,966	$ 78,770,866

	For the three-month period ended September 30, 2019	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2019	For the nine-month period ended September 30, 2018
Reportable segment's profit	$ 5,276,247	$ 5,199,943	$ 8,309,152	$ 7,988,346
Other operating segments' profit	38,772	9,104	49,733	5,840
Total segment profit	5,315,019	5,209,047	8,358,885	7,994,186
Interest income and finance costs	116,594	10,061	435,757	37,696
Net foreign exchange gains (losses)	382,102	176,724	247,494	(262,149)
Net gains on financial assets at fair value through profit or loss	-	-	9,697	-
Others	(1,023,811)	(523,635)	(1,844,063)	(1,338,064)
Profit (losses)	$ 4,789,904	$ 4,872,197	$ 7,207,770	$ 6,431,669

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table1

Expressed in thousands of NTD, except as otherwise indicated

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral Name	Collateral Value	Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
0	The Company	Monterey Park Finance Limited	Other receivables	Yes	$ 620,800	$ 620,800	$ -	-	Short-term financing	$ -	Operation requirements	$ -	None	$ -	$ 25,691,593	$ 25,691,593	
0	The Company	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	310,400	310,400	-	-	Short-term financing	-	Operation requirements	-	None	-	25,691,593	25,691,593	
1	FAT Holdings Limited	Monterey Park Finance Limited	Other receivables	Yes	744,960	744,960	-	-	Short-term financing	-	Operation requirements	-	None	-	3,831,318	5,363,846	
1	FAT Holdings Limited	Henley International Limited	Other receivables	Yes	620,800	620,800	-	-	Short-term financing	-	Operation requirements	-	None	-	3,831,318	5,363,846	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	5,090,560	5,090,560	1,210,560	3.30%	Short-term financing	-	Operation requirements	-	None	-	288,360,966	403,705,353	
2	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,241,600	1,241,600	620,800	3.1%~3.3%	Short-term financing	-	Operation requirements	-	None	-	288,360,966	403,705,353	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	2,793,600	2,793,600	2,638,400	3.30%	Short-term financing	-	Operation requirements	-	None	-	45,744,153	64,041,814	
4	Monterey Park Finance Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,241,600	1,241,600	-	-	Short-term financing	-	Operation requirements	-	None	-	352,627,400	493,678,360	
5	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	1,552,000	1,552,000	-	-	Short-term financing	-	Operation requirements	-	None	-	13,812,950	19,338,130	
5	Garuda International Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	1,552,000	1,552,000	-	-	Short-term financing	-	Operation requirements	-	None	-	13,812,950	19,338,130	
5	Garuda International Limited	AVARY SINGAPORE PRIVATE LIMITED	Other receivables	Yes	465,600	465,600	310,462	2.90%	Short-term financing	-	Operation requirements	-	None	-	13,812,950	19,338,130	
6	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	3,480,000	3,480,000	1,218,000	4.35%	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	
6	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	17,400,000	17,400,000	3,414,750	4.20%~4.35%	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	
6	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	5,220,000	5,220,000	3,393,000	4.35%	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period (Note 3)	Ending balance (Note 4)	Actual amount drawn down	Interest rate range	Nature of loan	Amount of transaction	Reason for short-term financing	Allowance for doubtful accounts	Collateral Name	Collateral Value	Limit on loans granted to a single party (Notes 1 & 2)	Limit on total lender's loans granted (Notes 1 & 2)	Footnote
6	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Other receivables	Yes	$ 870,000	$ 870,000	$ 278,400	4.35%	Short-term financing	$ -	Operation requirements	$ -	None	$ -	$ 403,638,462	$ 565,093,847	
6	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	10,875,000	10,875,000	565,500	4.35%	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	
6	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	2,175,000	2,175,000	639,450	4.35%	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	
6	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Other receivables	Yes	348,000	348,000	-	-	Short-term financing	-	Operation requirements	-	None	-	403,638,462	565,093,847	

Note 1: Financial limit on total loans granted to others by the Group is 50% of the lender's net assets based on their most recent audited or reviewed consolidated financial statements, of which:

(1) For parties having business relationship with the Company, the financial limit on total loans shall not exceed 10% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed the year-to-date purchased amount or sales amount, whichever is higher, and shall not exceed 10% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.

(2) For parties in need of short-term financing, the financial limit on total loans shall not exceed 40% of the Company's net worth and the financial limit on loans granted to a single party shall not exceed 40% of the net worth of the Company as indicated in the financial statements for the most recent period certified or reviewed by a certified public accountant.

Note 2: The amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is not limited to 40% of the borrower's net worth.

In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, the total amount of loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares is limited to 700% of the lender's net worth based on the latest audited or reviewed financial statements.
In accordance with the subsidiaries' respective Procedures for Lending Funds to Other Parties, for loans between subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares or between the Company and overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, the limit on loans to a single enterprise is limited to 500% of the lender's net assets based on the latest audited or reviewed financial statements.

Note 3: Maximum amount for the period ended on the balance sheet date.

Note 4: The amount of loans granted as resolved by the Company's Board of Directors.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

Provision of endorsements/guarantees to others

FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table 2

Expressed in thousands of NTD, except as otherwise indicated

No. (Note 1)	Name of company	Entity for which the endorsement/guarantee is made: Name of company	Entity for which the endorsement/guarantee is made: Relationship (Note 2)	Limit on endorsements/ guarantees to a single enterprise (Note 3)	Maximum outstanding balance of endorsements/ guarantees during the current period (Note 5)	Ending balance of endorsements/ guarantees (Note 6)	Actual amount drawn down (Note 7)	Endorsed/Guaranteed amount with property as collateral	Cumulative endorsed/guaranteed amount as a percentage of the net value in the most recent financial statements	Maximum endorsed/guaranteed amount (Note 4)	Parent company to subsidiary (Note 8)	Subsidiary to parent company (Note 8)	To Mainland China (Note 8)	Footnote
0	The Company	Qi Ding Technology Qinhuangdao Co., Ltd.	2	$ 6,422,898	$ 620,800	$ 620,800	$ -	$ -	0.97%	$ 64,228,982	Y	N	Y	

Note 1: The explanation for numbers is as follows:

(1) Issuer is 0.

(2) Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following six categories (simply specify the respective category):

(1) Companies in a business relationship with the Company.

(2) Subsidiaries in which the Company directly holds more than 50% of its total outstanding ordinary shares.

(3) Investees in which parent company and subsidiary hold more than 50% of total outstanding ordinary shares combined.

(4) Parent company in which the Company directly or indirectly (along with subsidiary) holds more than 50% of its total outstanding ordinary shares.

(5) Companies providing mutual endorsements/guarantees for industry peers for purposes of undertaking a construction project.

(6) Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.

Note 3: Limit on endorsements/guarantees to a single enterprise: Endorsements/guarantees that the Company makes for a single enterprise shall not exceed 10% of the parent company's net worth.

Note 4: Total amount of endorsements/guarantees: The total amount of endorsements/guarantees the Company makes for others shall not exceed 100% of the parent company's net worth.

Note 5: Highest balance of endorsements/guarantees to others for the year.

Note 6: Endorsement/guarantee liabilities are assumed when the amount of the endorsement/guarantee contracts or bills signed with the bank by the Company is approved as of the end of the year. Other matters related to endorsements/guarantees shall be included in the endorsement/guarantee

Note 7: Actual amount drawn down by the companies for which the endorsements/guarantees are made within the range of endorsement/guarantee balance.

Note 8: Endorsements/guarantees made by TWSE/TPEx listed parent company for subsidiary, endorsements/guarantees made by subsidiary for TWSE/TPEx listed parent company, and endorsements/guarantees made in Mainland China are must be indicated with 'Y'.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

SEPTEMBER 30, 2019

Table 3

Expressed in thousands of NTD, except as otherwise indicated

Securities held by	Type and name of marketable securities (Note 1)	Relationship with securities issuer (Note 2)	General ledger account	As of September 30, 2019 Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,200,000	$ 62,878	9.02%	$ 62,878	
Avary Holding (Shenzhen) Co., Limited	Jiangsu Aisen Semiconductor Material Co., Ltc	None	Financial assets at fair value through other comprehensive income	2,600,000	130,744	4.26%	130,744	
The Company	BOND OF BABA	None	Current financial assets at amortised cost, net	-	31,059	-	31,043	
The Company	HACOMM	None	Current financial assets at amortised cost, net	-	31,069	-	30,899	

Note 1: In accordance with IFRS 9, 'Financial Instruments', marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

PURCHASE OR SALE OF GOODS FROM OR TO RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table 4

Expressed in thousands of NTD, except as otherwise indicated

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	$ 30,466,710	75	60 days from the shipping date	Note 2	Note 2	$ 13,274,445	69	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	8,561,704	21	60 days from the shipping date	Note 2	Note 2	5,233,623	27	
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	836,763	43	60 days from the shipping date	Note 2	Note 2	291,008	66	
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	962,070	49	60 days from the shipping date	Note 2	Note 2	101,644	23	
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	105,186	5	60 days from the shipping date	Note 2	Note 2	26,308	6	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	22,098,578	89	60 days from the shipping date	Note 2	Note 2	10,684,341	94	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	2,706,770	11	90 days from the invoice date	Note 2	Note 2	710,847	6	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	2,348,715	78	60 days from the shipping date	Note 2	Note 2	402,811	52	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	296,668	10	60 days from the shipping date	Note 2	Note 2	89,776	12	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	203,775	7	30 days from the shipping date	Note 2	Note 2	172,678	22	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	171,912	6	30 days from the shipping date	Note 2	Note 2	114,820	15	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	$ 20,981,256	95	60 days from the shipping date	Note 2	Note 2	$ 5,748,123	89	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	925,396	4	60 days from the date of acceptance	Note 2	Note 2	488,780	8	
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	Sales	654,216	67	60 days from the date of acceptance	Note 2	Note 2	302,397	58	
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	923,793	100	60 days from the date of acceptance	Note 2	Note 2	257,972	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	663,929	100	90 days from the month following the shipping date	Note 2	Note 2	321,317	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	10,626,028	14	90 days from the month following the shipping date	Note 2	Note 2	7,315,307	23	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	515,422	1	90 days from the month following the shipping date	Note 2	Note 2	256,409	1	
Garuda International Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	581,571	1	90 days from the month following the shipping date	Note 2	Note 2	581,384	2	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	5,486,326	7	90 days from the month following the shipping date	Note 2	Note 2	4,181,655	13	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	5,131,179	7	90 days from the month following the shipping date	Note 2	Note 2	2,509,133	8	
Garuda International Limited	GIS Technology (Chengdu) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	249,456	-	60 days from the month following the shipping date	Note 2	Note 2	67,519	-	
Garuda International Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd., evaluated using the equity method	Sales	313,747	-	60 days from the month following the shipping date	Note 2	Note 2	110,600	-	

Note 1: The opposite related party transactions are not disclosed.

Note 2: Unless the transaction terms were determined in accordance with mutual agreements due to no similar transactions, the transaction terms to related parties were similar to third parties.

Note 3: Advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

SEPTEMBER 30, 2019

Table 5

Expressed in thousands of NTD, except as otherwise indicated

					Overdue receivables			
Creditor	Counterparty	Relationship	Receivables from related parties at March 31, 2019	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	$ 13,274,445	2	$ -	-	$ 13,875,380	$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	5,233,623	2	-	-	1,191,946	-
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	291,008	3	-	-	173,012	-
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	101,644	8	-	-	30,766	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	10,684,341	2	-	-	16,815,052	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	710,847	4	-	-	2,379,499	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	402,811	8	-	-	61,256	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	172,678	2	-	-	684	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	114,820	3	-	-	88	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	5,748,123	3	-	-	3,965,702	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	488,780	4	-	-	321,076	-

Creditor	Counterparty	Relationship	Receivables from related parties at March 31, 2019	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	$ 302,397	3	$ 69,227	Subsequent collection	$ 202,379	$ -
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Ltd.	An indirect wholly-owned subsidiary	257,972	3	251,453	Subsequent collection	195,750	-
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	321,317	3	-	-	124,160	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	7,315,307	2	268,747	Subsequent collection	3,775,361	-
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	An indirect wholly-owned subsidiary	256,409	2	6,944	Subsequent collection	246,172	-
Garuda International Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	581,384	2	570,411	Subsequent collection	1,162,768	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	4,181,655	1	950,480	Subsequent collection	3,291,969	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	2,509,133	2	9,918	Subsequent collection	1,555,709	-
Garuda International Limited	Foxconn Interconnect Technology Limited and its subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	110,600	2	-	-	87,073	-

As to receivables from loans to related parties exceeding NT$100 million or 20% of issued capital, please refer to Table 1.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS

FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table 6

Expressed in thousands of NTD, except as otherwise indicated

				Transaction			
No. (Note 1)	Company name	Counterparty	Relationship with company (Note 2)	General ledger account	Amount (Note 3)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
1	Mayco Industrial Limited	The Company	2	Other receivables	$ 1,210,560	Note 5	1
1	Mayco Industrial Limited	Qi Ding Technology Qinhuangdao Co., Ltd.	3	Other receivables	620,800	"	-
2	Pacific Fair International Limited	The Company	2	Other receivables	2,638,400	"	2
3	Garuda International Limited	Avary Singapore Private Limited	3	Other receivables	310,462	"	-
4	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	3	Other receivables	278,400	"	-
4	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	3	Other receivables	1,218,000	"	1
4	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	3,414,750	"	2
4	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	3,393,000	"	2
4	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	565,500	"	-
4	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	639,450	"	-
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	30,466,710	Note 8	39
4	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	13,274,445	"	9
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	8,561,704	"	11
4	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	5,233,623	"	4
5	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Sales	836,763	"	1
5	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Accounts receivable	291,008	"	-
5	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	3	Sales	962,070	"	1
5	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	3	Accounts receivable	101,644	"	-
5	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	105,186	"	-
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	22,098,578	"	28
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	10,684,341	"	8
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	2,706,770	Note 11	3
6	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	710,847	"	1
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	2,348,715	Note 8	3
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	402,811	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	296,668	Note 8	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	203,775	Note 9	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	172,678	"	-
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	171,912	Note 9	-

No. (Note 1)	Company name	Counterparty	Relationship with company (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 3)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
7	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	$ 114,820	"	-
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	20,981,256	Note 8	27
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	5,748,123	"	4
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	925,396	Note 10	1
8	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	488,780	"	-
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Sales	654,216	"	1
9	Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Accounts receivable	302,397	"	-
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	923,793	"	1
10	Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	257,972	"	-
11	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	663,929	Note 6	1
11	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	321,317	"	-
12	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	10,626,028	"	14
12	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	7,315,307	"	5
12	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	515,422	"	1
12	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	256,409	"	-
12	Garuda International Limited	Garuda Technology Co., Ltd.	3	Sales	581,571	"	1
12	Garuda International Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	581,384	"	-
12	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	5,486,326	"	7
12	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	4,181,655	"	3

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories: Example: For transactions between parent company and subsidiary, if disclosure is made by the parent company, then repeated disclosure is not required for the part regarding the subsidiary; for transactions between subsidiaries, if disclosure is made by one of the subsidiaries, then repeated disclosure is not required for the part regarding the other subsidiary):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Only the related party transactions exceeding the amount of NT$100 million or 20% paid-in capital are disclosed, and the opposite related party transactions are not disclosed.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

All the transactions had been eliminated in the consolidated financial statements.

Note 5: Nature of other receivables and other payables are loans to (from) others. Please refer to Note 13(1) A for interest rate and limit on loans.

Note 6: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the first day of next month of shipping.

Note 7: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the shipping date.

Note 8: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the shipping date.

Note 9: The prices and terms to related parties were similar to third parties. Credit term is 30 days from the shipping date.

Note 10: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the received date.

Note 11: The prices and terms to related parties were similar to third parties. Credit term is 90 days from invoice date.

Note 12: The prices and terms to related parties were similar to third parties. Credit term is advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS AND OTHER INFORMATION ON INVESTEE COMPANIES（ EXCLUDING THE INVESTEE COMPANIES IN MAINLAND CHINA）

FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table 7

Expressed in thousands of NTD, except as otherwise indicated

				Initial investment amount		Shares held as of September 30, 2019					
Investor	Investee	Location	Main business activities	Balance as of September 30, 2019	Balance as of December 31, 2018	Number of shares	Ownership (%)	Carrying amount	Net profit (loss) of investee for the current period	Investment income (loss) recognised by the Company for the current period	Footnote
The Company	Monterey Park Finance Limited	British Virgin Islands	Investment holding	$ 26,578,000	$ 24,901,840	856,250,000	100	$ 70,186,096	$ 5,446,423	$ 5,446,423	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading	125,488	125,488	12,548,800	100	3,153,120	(71,094)	(71,094)	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Investment holding	3,190,471	3,190,471	102,785,806	100	57,727,985	5,158,781	5,158,039	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Investment holding	8,489,440	8,489,440	2,133,300,000	100	9,148,831	576,785	576,785	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading	-	-	1	100	20,139	5,670	5,670	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Investment holding	37,096,150	37,096,150	9,321,841,932	100	57,672,193	5,158,781	5,158,781	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Investment holding	155	155	5,000	100	765,871	13,387	13,387	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading	310,400	310,400	78,000,000	73	1,432,128	604,181	552,529	
Avary Holding (Shenzhen) Co., Limited	Avary Singapore Private Limited	Singapore	Investment holding	3	-	100	73	3,056	(1,041)	(758)	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading	25,000	25,000	2,500,000	73	(237,198)	(29,674)	(21,609)	
Garuda International Limited	Avary Japan Co., Ltd.	Japan	Trading company	5,773	-	400	73	4,204	(1)	(1)	
Avary Singapore Private Limited	Avary Technology (India) Private Limited	India	Manufacturing company	315,678	-	71,620,000	73	229,878	-	-	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA
FROM JANUARY 1 TO SEPTEMBER 30, 2019

Table 8

Expressed in thousands of NTD, except as otherwise

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacture and sales of PCB	$ 3,104,608	2	$ -	$ -	$ -	$ -	($ 258,152)	73	($ 187,988)	$ 31,927	$ -	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	9,079,457	2	-	-	-	-	3,188,822	73	2,059,498	14,214,518	-	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,030,226	2	-	-	-	-	(197,713)	73	(143,976)	473,736	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,054,742	2	-	-	-	-	8,104,522	73	5,901,753	58,786,308	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	478,805	2	-	-	-	-	20,388	73	14,847	444,383	-	

Investees in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the current: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Net profit (loss) of investee for the current period	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company in the current period (Note 3)	Carrying amount of investments as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	$ 1,048,091	2	$ -	$ -	$ -	$ -	($ 7,197)	73	($ 5,241)	$ 678,516	$ -	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	6,744,800	2	-	-	-	-	654,838	73	408,356	8,116,296	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Development, manufature and sales of electronic products	2,075,067	2	-	-	-	-	(306,467)	100	(306,467)	1,710,817	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	87,000	2	-	-	-	-	7,400	73	5,389	81,095	-	
Yun Ding Technology (Shenzhen) Limited	Manufacture and sales of PCB	21,750	2	-	-	-	-	1,471	73	1,071	16,599	-	
Huai'An Jia Wei Industrial Development Co., Ltd.	Production and sale of construction materials, furniture and hardware tools	709,867	2	-	-	-	-	(3,312)	100	(3,312)	706,679	-	

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.

Note 2: The methods of investments to Mainland China are as follows:

1. The Group remits its own funds directly to the investee companies located in Mainland China.
2. Investee company, Monterey Park Finance Limited (B.V.I.), established by the Company and located outside of Taiwan and Mainland China, remits its own funds directly to the investee companies located in Mainland China.
3. Others

Note 3: The columns investment income (loss) recognised by the Company for the current period were based on the audited financial statements of the investees in Mainland China for the same period.