ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
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 TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of ABLEREX ELECTRONICS CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES (the "Group") as at September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the 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

Except as explained in the following paragraph, 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.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$431,243 and NT\$367,141, constituting 15% and 13% of the consolidated total assets, and total liabilities of NT\$144,401 and NT\$129,249, both constituting 10% of the consolidated total liabilities as at September 30, 2019 and 2018, and total comprehensive income of NT\$6,051, NT\$1,495, NT\$1,528 and NT\$16,121, constituting 41%, 83%, 6% and 30% of the consolidated total comprehensive income for the three-month and nine-month periods then ended.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, 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 the Group as at September 30, 2019 and 2018, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended 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.

Chou, Hsiao-Tzu

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan November 11, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2019, DECEMBER 31, 2018, AND SEPTEMBER 30, 2018

(Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	ACCETC	ASSETS Notes September 30, 2019 AMOUNT %		December 31, 2 AMOUNT	2018	September 30, 2018 AMOUNT %		
		Notes	AMOUNT		AMOUNI		AMOUNT	
	Current assets							
1100	Cash and cash equivalents	6(1)	\$ 270,185	9	\$ 201,285	7	\$ 212,775	8
1150	Notes receivable, net	6(3)	22,790	1	43,758	2	22,281	1
1170	Accounts receivable, net	6(3)	536,046	19	511,183	19	584,519	21
1180	Accounts receivable due from	7						
	related parties, net		28,529	1	10,084	-	9,983	-
1200	Other receivables		7,620	-	5,089	-	6,544	-
130X	Inventories, net	6(4)	952,430	33	972,041	36	1,002,441	36
1410	Prepayments		31,105	1	19,711	1	39,930	1
1470	Other current assets	6(1) and 8	194		194		194	
11XX	Total current assets		1,848,899	64	1,763,345	65	1,878,667	67
	Non-current assets							
1517	Non-current financial assets at fai	r 6(2)						
	value through other comprehensiv	/e						
	income		81,000	3	-	-	-	-
1600	Property, plant and equipment	6(5) and 8	805,086	28	835,870	31	835,451	30
1755	Right-of-use assets	6(6) and 8	17,114	1	-	-	-	-
1780	Intangible assets		43,212	2	44,326	2	44,876	1
1840	Deferred income tax assets	6(21)	38,232	1	37,154	1	36,139	1
1900	Other non-current assets	6(7) and 8	35,028	1	31,182	1	27,702	1
15XX	Total non-current assets		1,019,672	36	948,532	35	944,168	33
1XXX	Total assets		\$ 2,868,571	100	\$ 2,711,877	100	\$ 2,822,835	100
			(Continued)					

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2019, DECEMBER 31, 2018, AND SEPTEMBER 30, 2018 (Expressed in thousands of New Taiwan dollars)

(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	LIADILITIES AND EQUITY	N		September 30, 20		_	December 31, 2018			September 30, 2018		
	LIABILITIES AND EQUITY Current liabilities	Notes		AMOUNT	%	_	AMOUNT	<u>%</u>	A	MOUNT		
2100	Short-term borrowings	6(8)	\$	477,330	17	\$	252,298	9	\$	361,575	13	
2130	Current contract liabilities	6(16)	Ф	158,441	5	Ф	232,298	9	Ф	223,340	8	
2150	Notes payable	0(10)		1,224	-		3,630	-		5,891	-	
2170	Accounts payable			436,556	15		371,747	14		432,420	15	
2200	Other payables	6(10)		102,799	4		131,684	5		111,568	4	
2230	Current income tax liabilities	6(21)		16,891	1		22,140	1		22,322	1	
2250	Provisions for liabilities - current	6(11)		38,227	1		31,959	1		35,703	1	
2280	Current lease liabilities	()		9,990	_		-	-		-	-	
2300	Other current liabilities	6(9)		24,183	1		16,275	1		13,518	1	
21XX	Total current liabilities	- (-)		1,265,641	44		1,078,347	40		1,206,337	43	
	Non-current liabilities			1,200,011			1,070,517			1,200,337		
2540	Long-term borrowings	6(9)		7,654	_		_	_		_	_	
2570	Deferred income tax liabilities	6(21)		78,502	3		83,030	3		82,145	3	
2580	Non-current lease liabilities	. ,		6,414	_		, -	_		-	_	
2640	Net defined benefit liability,non-	6(12)										
	current			21,757	1		21,761	1		21,793	_	
2670	Other non-current liabilities, others			1,901	-		-	-		-	-	
25XX	Total non-current liabilities			116,228	4		104,791	4		103,938	3	
2XXX	Total liabilities			1,381,869	48		1,183,138	44		1,310,275	46	
	Equity attributable to owners of											
	parent											
	Share capital	6(13)										
3110	Common stock			450,000	16		450,000	17		450,000	16	
	Capital surplus	6(14)										
3200	Capital surplus			734,378	26		734,378	27		734,378	26	
	Retained earnings	6(15)										
3310	Legal reserve			209,610	7		202,294	7		202,294	7	
3320	Special reserve			34,442	1		29,535	1		29,535	1	
3350	Unappropriated retained earnings			89,018	3		135,877	5		123,917	4	
	Other equity interest											
3400	Other equity interest		(43,971)(<u>2</u>)	(34,442)(1)	(38,531)(1)	
31XX	Total equity attributable to											
	owners of parent			1,473,477	51		1,517,642	56		1,501,593	53	
36XX	Non-controlling interests			13,225	1	_	11,097			10,967	1	
3XXX	Total equity			1,486,702	52	_	1,528,739	56		1,512,560	54	
	Significant commitments and	7 and 9										
	contingent liabilities											
	Singificant events after the balance	11										
	sheet date											
3X2X	Total liabilities and equity		\$	2,868,571	100	\$	2,711,877	100	\$	2,822,835	100	

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

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			Three months ended September 30 2019 2018			Nine months ended September 30 2019 2018					
	Items	Notes	Δ	MOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	<u> </u>	710,043	100 \$			\$ 1,851,087	100		100
5000	Operating costs	6(4)(19)(20)	(544,045) (77) (477,630) (77) (1,421,478)	(77) (1,430,120) (75)
5950	Gross profit from operations	()()()	`	165,998	23	145,125	23	429,609	23	468,086	25
	Operating expenses	6(19)(20) and 7				1.0,120				,	
6100	Selling expenses	,	(71,760)(10) (59,196) (9) (216,230)	(11)(189,459) (10)
6200	General and administrative expenses		(31,214) (4) (29,893) (5) (90,071)	(5)(89,974) (5)
6300	Research and development expenses		(36,527)(5) (38,598) (6) (108,516)	(6)(114,773)(6)
6450	Expected credit gain			272	-	396	-	1,660	-	2,084	-
6000	Total operating expenses		(139,229) (19) (127,291)(20) (413,157)	(22) (392,122) (21)
6900	Net operating income			26,769	4	17,834	3	16,452	1	75,964	4
	Non-operating income and expenses										
7010	Other income	6(17)		3,387	_	2,697	1	12,529	_	11,883	1
7020	Other gains and losses	6(18)		7,175	1	2,474	-	15,616	1	5,809	-
7050	Finance costs	. ,	(1,539)	- (461)	- (3,781)	- (1,192)	-
7000	Total non-operating			· ·							
	income and expenses			9,023	1	4,710	1	24,364	1	16,500	1
7900	Profit before income tax			35,792	5	22,544	4	40,816	2	92,464	5
7950	Income tax expense	6(21)	(4,214) (<u>1</u>) (6,026)(1)(4,670)		28,732) (<u>2</u>)
8200	Profit for the period		\$	31,578	4 \$	16,518	3	\$ 36,146	2 \$	63,732	3
	Other comprehensive income										
	Components of other										
	comprehensive income that will										
	be reclassified to profit or loss										
8361	Financial statements translation differences of										
	foreign operations		(\$	20,721)(3)(\$	18,301)(3) (\$ 13,065)	(1)(\$	11,561)	-
8399	Income tax relating to the components of other	6(21)									
	comprehensive income			3,883	1	3,589	<u> </u>	2,382		2,243	
8360	Components of other comprehensive loss that										
	will be reclassified to profit or loss		,	16,838) (2) (14,712) (3) (10,683)	(1)(9,318)	
8500	Total comprehensive income		\$	14,740	2 \$	1,806		\$ 25,463	1 \$		3
6500	Profit attributable to:		ψ	14,740	Δ ψ	1,800	<u> </u>	\$ 25,405	1 4	34,414	
8610	Owners of the parent		\$	30,032	4 \$	16,165	3	\$ 34,648	2 \$	61,997	3
8620	Non-controlling interest		φ	1,546	4 p	353	-	1,498	_ 4	1,735	-
0020	Non controlling interest		\$	31,578	4 \$		3	\$ 36,146	2 \$		3
	Comprehensive income attributable to:										
8710	Owners of the parent		\$	14,500	2 \$	1,808	-	\$ 25,119	1 \$	53,001	3
8720	Non-controlling interest		·	240	- (2)	-	344	- '	1,413	-
			\$	14,740	2 \$	1,806		\$ 25,463	1 \$	54,414	3
	Earnings per share (in dollars)										
9750	Basic earnings per share	6(22)	\$		0.67 \$			\$	0.77		1.38
9850	Diluted earnings per share	6(22)	\$		0.67 \$		0.35	\$	0.77	5	1.37

ABLEREX ELECTRONICS CO., LTD. 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)

(UNAUDITED)

			Equity attributable to owners of the parent											
	Notes	Common stock	addit	al surplus, ional paid- capital	Legal reserve		ained earnin	Un	appropriated ined earnings	st tra diff	Financial atements anslation Ferences of foreign perations	Total	Non-controlling interests	Total equity
2018														
Balance at January 1, 2018		\$ 450,000	\$	774,878	\$ 194,334	\$	-	\$	171,415	(\$	29,535)	\$1,561,092	\$ 9,554	\$1,570,646
Profit for the period		-					-		61,997		-	61,997	1,735	63,732
Other comprehensive loss for the year		<u> </u>		<u>-</u>					<u>-</u>	()	8,996)	(8,996)	(322) (9,318_)
Total comprehensive income (loss)		<u> </u>		<u>-</u>					61,997	()	8,996)	53,001	1,413	54,414
Appropriation and distribution of 2017 earnings:	6(15)			_					_			·		
Legal reserve		-		-	7,960		-	(7,960)		-	-	-	-
Special reserve		-		-	-		29,535	(29,535)		-	-	-	-
Cash dividends to shareholders		-		-	-		-	(72,000)		-	(72,000)	-	(72,000)
Cash dividends paid by additional paid-in capital	6(14)		(40,500)					<u>-</u>			(40,500)		(40,500)
Balance at September 30, 2018		\$ 450,000	\$	734,378	\$ 202,294	\$	29,535	\$	123,917	(\$	38,531)	\$1,501,593	\$ 10,967	\$1,512,560
<u>2019</u>														
Balance at January 1, 2019		\$ 450,000	\$	734,378	\$ 202,294	\$	29,535	\$	135,877	(\$	34,442)	\$1,517,642	\$ 11,097	\$1,528,739
Profit for the period		-		-	-		-		34,648		-	34,648	1,498	36,146
Other comprehensive loss for the year									<u>-</u>	(9,529)	(9,529)	(1,154) (10,683_)
Total comprehensive income (loss)									34,648	(9,529)	25,119	344	25,463
Appropriation and distribution of 2018 earnings:	6(15)													
Legal reserve		-		-	7,316		-	(7,316)		-	-	-	-
Special reserve		-		-	-		4,907	(4,907)		-	-	-	-
Cash dividends to shareholders		-		-	-		-	(67,500)		-	(67,500)	-	(67,500)
Changes in non-controlling interest	6(23)						_	(1,784)			(1,784_)	1,784	
Balance at September 30, 2019		\$ 450,000	\$	734,378	\$ 209,610	\$	34,442	\$	89,018	(\$	43,971)	\$1,473,477	\$ 13,225	\$1,486,702

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

ABLEREX ELECTRONICS CO., LTD. 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) (UNAUDITED)

	(CIVICDITED)		Nine-month periods ended September 30				
	Notes		2019		2018		
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit before tax		\$	40,816	\$	92,464		
Adjustments		Ψ	70,010	Ψ	72,404		
Adjustments to reconcile profit (loss)							
Depreciation expense (including depreciation	6(5)(6)(19)						
charges on right-of-use assets)	0(0)(0)(1))		54,112		43,693		
Amortisation expense (including amortisation	6(19)		31,112		15,075		
charges on long-term prepaid rent)	()		7,931		7,457		
Expected credit gain		(1,660)	(2,084)		
Financial costs		(3,781		1,192		
Interest income	6(17)	(750)	(962)		
Loss on disposal of property, plant and	6(5)(18)	(750)		, , , , , , , , , , , , , , , , , , ,		
equipment	3(3)(-3)		97		410		
Profit from lease modification	6(18)	(12)		-		
Unrealised foreign exchange loss	(-0)	(653		1,333		
Changes in operating assets and liabilities			022		1,555		
Changes in operating assets							
Notes receivable, net			20,968	(6,440)		
Accounts receivable		(23,163)	(7,560)		
Accounts receivable due from related parties,		`	20,100,		,,,,,,		
net		(18,445)	(56)		
Other receivables		(2,530)		2,601)		
Inventories		`	19,611	Ì	125,586)		
Prepayments		(11,394)	`	1,536		
Changes in operating liabilities		`	,,		-,		
Current contract liabilities		(90,173)		223,340		
Notes payable		Ì	2,406)		5,041		
Accounts payable		`	64,809	(33,210)		
Other payables		(29,074)	Ì	15,727)		
Provisions for liabilities - current		`	6,268	Ì	10,088)		
Other current liabilities			7,908	Ì	158,121)		
Defined benefit liability		(4)	`	-		
Cash inflow generated from operations		\	47,343		14,031		
Interest received			749		635		
Interest paid		(3,592)	(1,156)		
Income tax paid		(13,143)	(17,107)		
Net cash flows from (used in) operating		`	, <u>, , , , , , , , , , , , , , , , , , </u>	`			
activities			31,357	(3,597)		

(Continued)

ABLEREX ELECTRONICS CO., LTD. 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) (UNAUDITED)

	Notes		Nine-month period	ods end	led September 30 2018
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of non-current financial assets at fair					
value through other comprehensive income		(\$	81,000)	\$	-
Acquisition of property, plant and equipment	6(25)	(16,205)	(16,411)
Acquisition of intangible assets		(319)	(1,853)
Increase in deposit		(3,299)	(992)
Increase in other non-current assets		(9,559)	(6,197)
Net cash flows used in investing activities		(110,382)	(25,453)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in short-term borrowings			1,512,922		1,033,920
Decrease in short-term borrowings		(1,287,890)	(927,345)
Payments of lease liabilities		(8,920)		-
Proceeds from long-term borrowings			7,654		-
Cash dividends paid	6(15)	(67,500)	(72,000)
Cash dividends paid by additional paid-in capital	6(14)		<u>-</u>	(40,500)
Net cash flows from (used in) financing					
activities			156,266	(5,925)
Effect of exchange rate changes on cash and cash					
equivalents		(8,341)	(7,589)
Net increase (decrease) in cash and cash equivalents			68,900	(42,564)
Cash and cash equivalents at beginning of period			201,285		255,339
Cash and cash equivalents at end of period		\$	270,185	\$	212,775

ABLEREX ELECTRONICS CO., LTD. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated) (Reviewed, not audited)

1. History and Organization

- (1) Ablerex Electronics Co., Ltd (the "Company"), formerly UIS Abler Electronics Co., Ltd., was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) on April 27, 1998. The Company merged with PEC Technology Co., Ltd. on April 1, 2002, with the Company as the surviving company and was then renamed as Ablerex Electronics Co., Ltd. The shares of the Company have been trading on the Taipei Exchange since September 9, 2010.
- (2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the following business activities:
 - (a) Manufacturing and sales of uninterruptible power supply systems.
 - (b) Manufacturing and sales of equipment to power quality devices.
 - (c) Manufacturing and sales of solar energy equipment.
 - (d) Maintenance and technical services.
- 2. <u>The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization</u>
 These consolidated financial statements were reported to the Board of Directors on November 11, 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 ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IFRS 9, 'Prepayment features with negative	January 1, 2019
compensation'	
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint	January 1, 2019
ventures'	
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the

Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$25,708, increased 'lease liability' by \$24,744 and decreased other non-current assets by \$964 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate range from 1.55% to 10.31%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at	\$	11,522
December 31, 2018		
Less: Short-term leases	(187)
Less: Low-value assets	(315)
Add: Adjustments as a result of a different treatment of extension and		
termination options		15,187
Total lease contracts amount recognised as lease liabilities by applying		
IFRS 16 on January 1, 2019	\$	26,207
Incremental borrowing interest rate at the date of initial application		1.55%~10.31%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	\$	24,744

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of	January 1, 2020
Material'	
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 condition and financial performance based on the Group's assessment.

(3) IFRSs issued by 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:

	Effective date by
	International Accounting
New Standards, Interpretations and Amendments	Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets	To be determined by
between an investor and its associate or joint venture'	International Accounting
	Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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 International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the following items, the 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) Defined benefit liabilities recognised based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(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 (including structured 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) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (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 accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should

be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	September 30, 2019	December 31, 2018	September 30, 2018	Description	
The Company	Ablerex Electronics (Samoa) Co., Ltd. (Ablerex Samoa)	Investment holdings	100	100	100	Note 1, 2	
The Company	Joint Rewards Trading Corp. (Joint)	Management service	100	100	100	Note 2, 3	
The Company	Ablerex Corporation (Ablerex-USA)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3	
The Company	Ablerex International Co., Ltd. (Ablerex-HK)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3	
The Company	` '	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3	
The Company	Ablerex Electronics U.K. Ltd. (Ablerex-UK)	Investment holdings	100	100	100	Note 2, 3	
The Company	Wada Denki Co., Ltd. (Ablerex-JP)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3	
Ablerex Electronics	Ablerex Electronics Italy S.R.L. (Ablerex-IT)	Sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 2, 3	
Ablerex Electronics (Samoa) Co., Ltd.	Ablerex Overseas Co., Ltd. (Ablerex-Overseas)	Investment holdings	100	100	100	Note 1, 2	
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Suzhou) Co., Ltd. (Ablerex-SZ)	Manufacturing and sales of uninterruptible power supply systems and solar energy equipment and others	100	100	100	Note 1, 2	
Ablerex Overseas Co., Ltd.	Ablerex Electronics (Beijing) Co., Ltd. (Ablerex-BJ)	Sales of uninterruptible power supply systems and solar energy equipment and others	80	80	80	Note 2,3	
Ablerex Electronics (S) Pte. Ltd.	Ablerex Electronics (Thailand) Co., Ltd. (Ablerex-TH)	Sales of uninterruptible power supply systems and solar energy equipment and others	70	70	70	Note 2, 3	
Ablerex Corporation	Ablerex Latam Corporation (Ablerex-Latam)	Sales of uninterruptible power supply systems and solar energy equipment and others	86	100	-	Note 2, 3, 4	

- Note 1: The information included in these consolidated financial statements as at September 30, 2019 and 2018 is based on the reviewed financial statements of each investee.
- Note 2: The information included in these consolidated financial statements as December 31, 2018 is based on the audited financial statement of the investee.
- Note 3: The information included in those consolidated financial statements as at September 30, 2019 and 2018 is based on the unreviewed financial statements of each investee as the

investees failed to meet the definition of a significant subsidiary.

- Note 4: The consideration for acquiring the ownership of Ablerex Latam Corporation was remitted on November 28, 2018. The investee was included in these consolidated financial statements thereafter. In addition, Ablerex-Latam increased its capital to employees on February 7, 2019. As a result, the Company decreased its share interest to 86%.
- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions

Cash and short-term deposits of \$70,563 deposited in Mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(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 consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

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 at the period end are retranslated 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.
- (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. 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 statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, 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;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (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.

(6) Cash and cash equivalents

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

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade 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 investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future 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 recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. 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.

(8) 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.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting 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 that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) 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 labour, other direct costs and related production overheads (allocated fixed production overheads based on normal 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.

(12) 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 balance sheet date. 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 $10\sim50$ yearsMachinery and equipment $5\sim10$ yearsTransportation equipment5 yearsOffice equipment $5\sim8$ yearsLeasehold improvements10 years

(13) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

Effective 2019 (using the modified retrospective approach)

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are mainly fixed payments, less any lease incentives receivable.
 - The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost and the cost is mainly the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Operating leases (lessee)

Effective 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

A. Trademark right and patent rights

Trademark right and patent rights are stated at cost, have a finite useful life and are amortised on a straight-line basis over its estimated useful life of 5 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

C. Goodwill

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

(16) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. 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 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 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. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. 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.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in his category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures the financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

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

(21) Provisions

Provisions (primarily warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) 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 respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurement 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. Past-service costs are recognised immediately in profit or loss.

iv. 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 since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognised as expense and liability, 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 employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) 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 charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate 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. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- 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 financial statements. 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 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 interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- 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.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved 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.

(26) Revenue recognition

A. Sales revenue

- (a) The Group manufactures and sells uninterrupted power supply equipment and system, improved power quality system and equipment and solar energy equipment and other related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler'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 wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (c) 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. Sale of goods—Project construction

- (a) The Group provides sales services related to uninterruptible power system and equipment, improved power quality system and equipment and solar energy system and equipment. The project construction revenue includes equipment sales and installation services, and the contract involves and provides integrated services. Therefore, the equipment and installation are indistinguishable and are regarded as a single performance obligation. The Group installs equipment, the customer performs the acceptance procedure, and the Group opens the warranty book. The customer obtains the control of the equipment and the benefits arising therefrom. When all the acceptance criteria are met, the Group completes the contractual performance obligated of contract to recognize revenue.
- (b) The Group's obligation to provide a repair for project construction under the standard warranty terms is recognised as a provision.
- (c) A receivable is recognized when the project construction is completed and the warranty book is delivered to the customer. 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.

C. Service revenue

The Group provides related services of maintaining uninterruptible power supply equipment, improved power quality system and equipment and solar energy system and equipment. Service revenue is recognized as income during the financial reporting period in which the services are provided to customers. Revenue from fixed price contracts is recognised as a percentage of the number of months of service actually provided on the balance sheet date. The customer pays the contract price in accordance with the payment schedule agreed upon, and is recognized as a

contract assets when the services provided by the Group exceed the customer's payables, and are recognized as contract liabilities if the customer pays more than the services provided by the Group.

D. Costs of obtaining a customer contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements 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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) <u>Critical judgements in applying the Group's accounting policies</u> None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventory

Evaluation of 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 judgements and estimates. Due to 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. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2019, the Group's carrying amount of inventories was \$952,430.

B. Estimation of provisions for liabilities

The sale of goods requires consideration of the cost incurred or to be incurred in connection with the transaction. Therefore, the Group formulates the proposed policy for the determination of the warranty for the sale of the product, which is used to measure the actual operating profit and loss of the company. The Group's liability determination is based on the Group's policy based on the historical warranty data of the product as the basis for the assessment, and the related product warranty liabilities are estimated to estimate the future maintenance costs.

As of September 30, 2019, the Group estimated the liability provision to be \$38,227.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	Septer	mber 30, 2019	Decen	nber 31, 2018	September 30, 2018	
Cash on hand and revolving funds Checking accounts and	\$	655	\$	828	\$	760
demand deposits		244,636		150,915		191,723
Time deposits		25,088		49,736		20,486
		270,379		201,479		212,969
Transferred to 'Other current assets'	(194)	(194)	(194)
	\$	270,185	\$	201,285	\$	212,775

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. For details on cash and cash equivalents provided as a pledge or collateral, please refer to Note 8.

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

Items	Septem	ber 30, 2019	December 31, 201	8	September 30, 2018
Non-current items:					
Equity instruments					
Unlisted stocks	\$	81,000	\$	_	\$ -

- A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,000, \$0 and \$0 as at September 30, 2019, December 31, 2018 and September 30, 2019, respectively.
- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are both \$0 for the nine-month periods ended September 30, 2019 and 2018.

(3) Notes and accounts receivable

	Septer	mber 30, 2019	Decer	nber 31, 2018	Septer	nber 30, 2018
Notes receivable	\$	22,790	\$	43,758	\$	22,281
Accounts receivable	\$	550,409	\$	527,246	\$	602,088
Less: Allowance for bad debts — accounts receivable	(14,363)	(16,063)	(17,569)
	\$	536,046	\$	511,183	\$	584,519

A. The ageing analysis of accounts receivable and notes receivable is as follows:

		September 30, 2019				December 31, 2018				September 30, 2018			
	A	Accounts Notes receivable receivable		Notes	Accounts			Notes		Accounts		Notes	
	re			receivable		eceivable	re	ceivable	re	eceivable	rec	ceivable	
Within 120 days	\$	487,318	\$	14,772	\$	478,032	\$	42,011	\$	529,215	\$	22,281	
121 to 180 days		51,201		6,268		34,940		872		52,319		-	
181 to 360 days		3,505		1,750		5,448		875		8,014		-	
Over 361 days		8,385		_		8,826				12,540			
	\$	550,409	\$	22,790	\$	527,246	\$	43,758	\$	602,088	\$	22,281	

The above ageing analysis was based on invoice date.

- B. As of September 30, 2019, December 31, 2018 and September 30, 2018, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2018, the balance of receivables from contracts with customers amounted to \$610,369.
- C. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$22,790, \$43,758 and \$22,281; \$536,046, \$511,183 and \$584,519, respectively.
- D. The Group does not hold any collateral as security.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	September 30, 2019 Allowance for								
		Cost	V	aluation loss	Book value				
Raw materials	\$	276,769	(\$	67,475)	\$	209,294			
Work in process		61,422	(5,566)		55,856			
Semi-finished goods		190,545	(36,899)		153,646			
Finished goods		86,165	(7,465)		78,700			
Goods		132,527	(16,528)		115,999			
Goods in transit		43,379		-		43,379			
Unfinished constructions		295,556				295,556			
	\$	1,086,363	(<u>\$</u>	133,933)	\$	952,430			

	December 31, 2018								
			A	Allowance for					
		Cost	valuation loss			Book value			
Raw materials	\$	302,673	(\$	58,842)	\$	243,831			
Work in process		54,831	(5,464)		49,367			
Semi-finished goods		179,514	(37,090)		142,424			
Finished goods		86,443	(7,518)		78,925			
Goods		136,968	(15,230)		121,738			
Goods in transit		29,146		-		29,146			
Unfinished constructions		306,610		-		306,610			
	\$	1,096,185	(\$	124,144)	\$	972,041			
			Sept	ember 30, 2018					
		Cost	V	aluation loss		Book value			
Raw materials	\$	317,956	(\$	54,103)	\$	263,853			
Work in process		78,046	(5,641)		72,405			
Semi-finished goods		179,622	(37,015)		142,607			
Finished goods		79,375	(6,803)		72,572			
Goods		157,540	(15,970)		141,570			
Goods in transit		18,648		-		18,648			
Unfinished constructions		290,786		-		290,786			
	\$	1,121,973	(\$	119,532)	\$	1,002,441			

The cost of inventories recognised as expense for the period:

-	For the three-month period ended September 30,						
		2019		2018			
Cost of goods sold	\$	519,592	\$	458,467			
Maintenance cost		7,383		9,582			
Loss on decline in market value		8,752		1,323			
Others		8,318		8,258			
	\$	544,045	\$	477,630			
	For the nine-month period ended September 30,						
	2019			2018			
Cost of goods sold	\$	1,365,263	\$	1,375,003			
Maintenance cost		23,182		28,629			
Loss on decline in market value		11,316		3,093			
Others		21,717		23,395			
	\$	1,421,478	\$	1,430,120			

(5) Property, plant and equipment

		Land	F	Buildings	N	Machinery	Transportati equipmen			fice		easehold rovements		Others		Total
At January 1, 2019																
Cost	\$	169,794	\$	735,921	\$	241,126	\$ 11,49	94	\$	44,567	\$	17,907	\$	140	\$	1,220,949
Accumulated depreciation		_	(183,642)	(159,404)	(7,20)5) (, ,	23,575)	(11,156)	(97)	(385,079)
depreciation	\$	169,794	\$	552,279	\$	81,722	\$ 4,28			20,992	\$	6,751	\$	43	\$	835,870
2019								_								
Opening net book amount	\$	169,794	\$	552,279	\$	81,722	\$ 4,28	39	\$ 2	20,992	\$	6,751	\$	43	\$	835,870
Additions		-		1,279		6,569	40)5		7,270		2,583		-		18,106
Transfer		-		-		251		-		1,294		-		-		1,545
Disposals		-		-	(80)		- (17)		-		-	(97)
Depreciation charge		-	(22,747)	(14,889)	(1,24	17) (5,312)	(757)		-	(44,952)
Net exchange differences		39	(3,540)	(1,648)	(<u>19)</u> (122)	(97)		1	(5,386)
Closing net book amount	\$	169,833	\$	527,271	\$	71,925	\$ 3,42	28	\$ 2	24,105	\$	8,480	\$	44	\$	805,086
At September 30, 2019																
Cost	\$	169,833	\$	731,599	\$	241,191	\$ 11,84	14	\$	52,113	\$	20,321	\$	141	\$	1,227,042
Accumulated depreciation		_	(204,328)	(169,266)	(8,4	16) (28,008)	(11,841)	(97)	(421,956)
depreciation	\$	169,833	\$	527,271	\$	71,925	\$ 3,42			24,105	\$	8,480	\$	44	\$	805,086
At January 1, 2018		Land	_ <u>F</u>	Buildings		1 achinery	Transportati equipmen		Of equip	fice		easehold rovements		Others	_	Total
At January 1, 2018	<u> </u>						equipmen	t	equip	oment	imp	rovements				
Cost Accumulated	\$	169,678	-	744,725	<u>N</u>	230,660	* 10,84	t 40	equip	9ment 42,109	imp	17,950	\$	135	\$	1,216,097
Cost	_	169,678	\$	744,725 159,842)	\$ (230,660	* 10,84	t 40 19) (equip	24,007)	<u>imp</u> \$ (17,950 9,548)	(135 94)	(1,216,097
Cost Accumulated depreciation	\$	169,678		744,725		230,660	* 10,84	t 40 19) (equip	9ment 42,109	imp	17,950	\$ (<u>\$</u> _	135		1,216,097
Cost Accumulated	_	169,678	\$ (744,725 159,842)	\$ (230,660	\$ 10,84 (5,55 \$ 5,32	t 40 19) (21	equip \$ *	24,007)	\$ (17,950 9,548)	(<u> </u>	135 94)	(1,216,097 347,569)
Cost Accumulated depreciation 2018 Opening net	<u>\$</u>	169,678 _ _ 169,678	\$ (744,725 159,842) 584,883	\$ (230,660 148,559) 82,101	\$ 10,84 (5,5 \$ 5,32 \$ 5,32	t 40 19) (21	equip \$	24,007) 18,102	\$ (17,950 9,548) 8,402	(<u> </u>	135 94) 41	(<u> </u>	1,216,097 347,569) 868,528
Cost Accumulated depreciation 2018 Opening net book amount	<u>\$</u>	169,678 _ _ 169,678	\$ (744,725 159,842) 584,883	\$ (230,660 148,559) 82,101 82,101	\$ 10,84 (5,5 \$ 5,32 \$ 5,32	t 40 1 <u>9)</u> (21	equip \$	24,007) 18,102	\$ (17,950 9,548) 8,402	(<u> </u>	135 94) 41	(<u> </u>	1,216,097 347,569) 868,528 868,528
Cost Accumulated depreciation 2018 Opening net book amount Additions	<u>\$</u>	169,678 _ _ 169,678	\$ (744,725 159,842) 584,883	\$ <u>\$</u> \$	230,660 148,559) 82,101 82,101 12,388	\$ 10,84 (5,5 \$ 5,32 \$ 5,32	t 40 1 <u>9)</u> (21	equip \$	24,007) 18,102 18,102 3,461	\$ (<u>\$</u> \$	17,950 9,548) 8,402	(<u> </u>	135 94) 41	\$ <u>\$</u>	1,216,097 347,569) 868,528 868,528 16,411
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge	<u>\$</u>	169,678 _ _ 169,678	\$ (<u>\$</u>	744,725 159,842) 584,883 584,883	\$ (230,660 148,559) 82,101 82,101 12,388	\$ 10,86 (5,5 \$ 5,32 \$ 5,32	t 40 40 (19) (19) (19) (19) (19) (19) (19) (19)	equip \$	42,109 24,007) 18,102 18,102 3,461 345	\$ (\$\$	17,950 9,548) 8,402	(<u> </u>	135 94) 41 41	(<u>\$</u>	1,216,097 347,569) 868,528 868,528 16,411 345
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals	<u>\$</u>	169,678 - 169,678 169,678 -	\$ (\$\$	744,725 159,842) 584,883 584,883	\$ (230,660 148,559) 82,101 82,101 12,388 - 318)	\$ 10,82 (5,5 \$ 5,32 \$ 5,32 (1,20	t 40 40 (19) (19) (19) (19) (19) (19) (19) (19)	equip \$	42,109 24,007) 18,102 18,102 3,461 345 92)	imp \$ \$ \$	17,950 9,548) 8,402 - -	(<u> </u>	135 94) 41 41 -	\$ \$	1,216,097 347,569) 868,528 868,528 16,411 345 410)
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge Net exchange	<u>\$</u>	169,678 - 169,678 169,678	\$ (\$\$	744,725 159,842) 584,883 584,883	\$ (230,660 148,559) 82,101 82,101 12,388 - 318) 14,142)	\$ 10,82 (5,5 \$ 5,32 \$ 5,32 (1,20	t 40 40 (19) ((19) ((19) (19) (19) (19) ((19) (19)	equip \$ \$ \$ \$ \$ \$	42,109 24,007) 18,102 18,102 3,461 345 92) 4,176)	imp \$ \$ \$	17,950 9,548) 8,402 8,402 1,177)	(<u> </u>	135 94) 41 41 -	\$ \$	1,216,097 347,569) 868,528 868,528 16,411 345 410) 43,693)
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge Net exchange differences Closing net	\$	169,678 169,678 169,678 93	\$ (744,725 159,842) 584,883 584,883 - - 22,990) 3,561)	\$ (230,660 148,559) 82,101 82,101 12,388 - 318) 14,142) 2,077)	\$ 10,84 (5,5) \$ 5,32 \$ 5,32 (1,20	t 40 40 (19) ((19) ((19) (19) (19) (19) ((19) (19)	equip \$ \$ \$ \$ \$ \$	24,007) 18,102 18,102 3,461 345 92) 4,176) 65)	imp \$ \$ \$ (17,950 9,548) 8,402 8,402 1,177) 112)	\$ <u>\$</u>	135 94) 41 41 - - - 1	\$ \$ (1,216,097 347,569) 868,528 868,528 16,411 345 410) 43,693) 5,730)
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge Net exchange differences Closing net book amount	\$	169,678 169,678 169,678 93	\$ (744,725 159,842) 584,883 584,883 - - 22,990) 3,561)	\$ (<u>\$</u>	230,660 148,559) 82,101 82,101 12,388 - 318) 14,142) 2,077)	\$ 10,84 (5,5 \$ 5,32 \$ 5,32 (1,20 (t 40 40 19) (19) (19) (19) (19) (19) (19) (19)	equip \$ \$ \$	24,007) 18,102 18,102 3,461 345 92) 4,176) 65)	\$ (17,950 9,548) 8,402 8,402 1,177) 112)	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	135 94) 41 41 - - - 1	\$ \$ ((() (<u>\$</u>	1,216,097 347,569) 868,528 868,528 16,411 345 410) 43,693) 5,730)
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge Net exchange differences Closing net book amount At September 30, 2018 Cost Accumulated	\$ \$ \$	169,678 - 169,678 93 169,771	\$ (744,725 159,842) 584,883 584,883 - - 22,990) 3,561) 558,332	\$ (<u>\$</u> \$	230,660 148,559) 82,101 82,101 12,388 - 318) 14,142) 2,077) 77,952	\$ 10,82 (5,5 \$ 5,32 \$ 5,32 (1,20 (t 40 440 (19) (19) (19) (19) (19) (19) (19) (19)	equip \$ \$ \$ \$ \$ \$ \$ \$	3,461 345,92) 45,020	\$ (<u>\$ \$ </u>	17,950 9,548) 8,402 8,402 - 1,177) 112) 7,113	\$ \$ \$	135 94) 41 41 1 42	\$ ((<u>\$</u> \$ = \$	1,216,097 347,569) 868,528 868,528 16,411 345 410) 43,693) 5,730) 835,451
Cost Accumulated depreciation 2018 Opening net book amount Additions Transfer Disposals Depreciation charge Net exchange differences Closing net book amount At September 30, 2018 Cost	\$ \$ \$	169,678 169,678 169,678 93 169,771	\$ (744,725 159,842) 584,883 584,883 - - 22,990) 3,561) 558,332	\$ (230,660 148,559) 82,101 82,101 12,388 - 318) 14,142) 2,077) 77,952	\$ 10,82 (5,5 \$ 5,32 \$ 5,32 (1,20 (t 40 40 (19) (19) (19) (19) (19) (19) (19) (19)	equip \$	3,461 345 92) 4,176) 65)	\$ (<u>\$ \$ </u>	17,950 9,548) 8,402 8,402 - 1,177) 112) 7,113	\$ \$ \$	135 94) 41 41 1 42	\$ ((<u>\$</u> \$ = \$	1,216,097 347,569) 868,528 868,528 16,411 345 410) 43,693) 5,730) 835,451

- A. The abovementioned equipment are all assets for its own use.
- B. The significant components of buildings include buildings, air conditioners, elevators and utility construction. Buildings are depreciated over 30 to 50 years, and others are depreciated over 10 years.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- D. There were no borrowing costs capitalised as part of property, plant and equipment.

(6) <u>Leasing arrangements—lessee</u>

Effective 2019 (using the modified retrospective approach)

- A. The Group leases various assets including land, buildings (including land), transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

			At Septe	mber 30, 2019
			Carry	ring amount
Land			\$	917
Buildings (including land)				14,615
Transportation equipment				947
Office equipment				635
			\$	17,114
	For the th	ree-month period	For the nin	ne-month period
	ended Se	ptember 30, 2019	ended Sep	tember 30, 2019
	Depre	ciation charge	Deprec	iation charge
Land	\$	7	\$	21
Buildings (including land)		2,761		8,379
Transportation equipment		136		556
Office equipment		64		204
	\$	2,968	\$	9,160

- C. For the three-month period ended September 30, 2019 and for the nine-month period ended September 30, 2019, the additions to right-of-use assets were \$0 and \$1,926, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the th	ree-month period	For the nine	-month period	
	ended Ser	otember 30, 2019	ended September 30, 2019		
Items affecting profit or loss					
Interest expense on lease liabilities	\$	169	\$	584	
Expense on short-term lease contracts		27		153	
Expense on leases of low-value assets		35		100	

- E. For the nine-month period ended September 30, 2019, the Group's total cash outflow for leases were \$9,757.
- F. Information about the right-of-use assets land use right that were pledged to others as collateral is provided in Note 8.

(7) Other non-current assets

	Septem	nber 30, 2019	Decem	ber 31, 2018	Septen	nber 30, 2018
Overdue receivable	\$	35,469	\$	35,395	\$	35,352
Allowance for bad debts – overdue receivable	(35,469)	(35,395)	(35,352)
Prepayments for equipment		2,531		1,545		-
Guarantee deposits		11,702		8,403		7,385
Long-term prepaid rents – land use rights		-		964		962
Others		20,795		20,270		19,355
	\$	35,028	\$	31,182	\$	27,702

- A. Information about the long-term prepaid rents land use rights that were pledged to others as collateral is provided in Note 8.
- B. For the effects on initial application of IFRS 16 on January 1, 2019, please refer to Note 3(1). For details of significant accounts, please refer to Note 6(6).

(8) Short-term borrowings

Type of borrowings	September 30, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 455,580	$0.99\% \sim 3.22\%$	None
Secured borrowings	21,750	4.57%	Please refer to Note 8
	\$ 477,330		
Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 252,298	$0.99\% \sim 2.79\%$	None
Type of borrowings	September 30, 2018	Interest rate range	Collateral
Bank borrowings	.		
Unsecured borrowings	\$ 361,575	0.99%~2.56%	None

Unused lines of credit are as follows:

Type of borrowings	Septe	mber 30, 2019	Decen	nber 31, 2018	September 30, 201		
Bank borrowings							
Unsecured borrowings	\$	1,094,500	\$	824,852	\$	713,675	
Secured borrowings		130,501		156,520	-	155,260	
	\$	1,225,001	\$	981,372	\$	868,935	

For collaterals on bank borrowings and book value information, please refer to Notes 7 and 8.

(9) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate		September	30, 2019
Installment-repayment					
borrowings					
	Borrowing period is from				
	September 27, 2019 to				
Unsecured EUR borrowings	September 27, 2021; interest is repayable monthly; principal is repayable in 24 installments	0.40%	None		
	from October 27, 2019.			\$	15,277
Less: Current portion (s	shown as "other current liabilities")	1		(7,623)
				\$	7,654

The Group's long-term borrowings are both \$0 at December 31, 2018 and September 30, 2018.

(10) Other payables

	Septen	nber 30, 2019	Decen	ber 31, 2018	Septen	ber 30, 2018
Payable for wages and salaries and other short-term employee benefits	\$	66,320	\$	98,460	\$	84,402
Others		36,479		33,224		27,166
	\$	102,799	\$	131,684	\$	111,568

(11) Provisions for liabilities -current

	For the three-month periods ended September 30,					
		2019	2018			
Warranty:						
At July 1	\$	35,986 \$	37,042			
Additional provisions		6,117	5,620			
Used during the period	(3,876) (6,959)			
At September 30	\$	38,227 \$	35,703			
-	For the nine-month periods ended September 30,					
		2019	2018			
Warranty:						
At January 1	\$	31,959 \$	45,791			
Additional provisions		16,963	17,994			
Used during the period	(10,695) (28,082)			
At September 30	\$	38,227 \$	35,703			

The Group's provisions for warranties are primarily for uninterruptible power supplies and solar energy related products. The provisions for warranties are estimated based on historical warranty data of uninterruptible power supplies and solar energy related products.

(12) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 and its domestic subsidiaries contribute 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 retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
 - (b) For the aforementioned pension plan, the Group recognised pension costs of \$74, \$84, \$220 and \$252 for the three-month periods ended September 30, 2019 and 2018, and for the ninemonth periods ended September 30, 2019 and 2018, respectively.
 - (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to \$293.

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
 - (b) The Company's mainland China indirect subsidiaries, Ablerex Electronics (Suzhou) Co., Ltd. and Ablerex Electronics (Beijing) Corporation Limited, 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 (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine-month periods ended September 30, 2019 and 2018 was both 20%. Other than the monthly contributions, the Group has no further obligations. Ablerex Corporation, Ablerex Latam Corporation, Ablerex Electronics (S) Pte. Ltd., Ablerex Electronics (Thailand) Co Ltd., Ablerex Electronics Italy S.R.L and Wada Denki Co., Ltd. have a defined contribution plan under the local regulations and have no further obligations. Other consolidated subsidiaries do not have any employee.
 - (c) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended September 30, 2019 and 2018, and for the nine-month periods ended September 30, 2019 and 2018 were \$6,394, \$6,606, \$19,456 and \$20,039, respectively.

(13) Share capital

As of September 30, 2019, the Company's authorised capital was \$800,000, consisting of 80 million shares of ordinary stock, and the paid-in capital was \$450,000 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. The Group's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period.

(14) Capital surplus

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. The shareholders resolved to appropriate capital surplus in cash at their meeting on June 21, 2018:

	<u> </u>	ear ended Dec	embe	ember 31, 2017	
			Ca	sh per share	
		Amount	(in dollars)	
Capital surplus appropriated in cash	\$	40,500	\$	0.90	

The cash appropriation of capital surplus is in agreement with the proposal submitted by the Board of Directors.

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.
- B. The Company's dividend policy is based on the Company's current operation status, future capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be less than 20% of the total dividends distributed to shareholders.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
- E. The appropriation of 2018 and 2017 earnings as resolved by the shareholders on June 18, 2019 and June 21, 2018 are as follows:

	Ye	ear ended I	Dece	ember 31, 2018	Year ended December 31, 2017			
			Di	vidend per share			D	ividend per share
	A	mount		(in dollars)	A	mount		(in dollars)
Legal reserve	\$	7,316			\$	7,960		
Special reserve		4,907				29,535		
Cash dividends		67,500	\$	1.50		72,000	\$	1.60

F. For information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(19).

(16) Sales revenue

	For th	e three-month peri	ods ende	ods ended September 30,		
		2019		2018		
Sales revenue	\$	418,913	\$	379,302		
Project construction revenue		271,606		224,530		
Service revenue		19,524		18,923		
	\$	710,043	\$	622,755		
	For the nine-month periods ended September 30,					
		2019	2018			
Sales revenue	\$	1,110,935	\$	1,050,675		
Project construction revenue		685,019		797,780		
Service revenue		55,133	-	49,751		
	\$	1,851,087	\$	1,898,206		

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following:

		Second	Technical			
For the nine-month period	First Business	Business	Services	Energy	Reconciliation and	
ended September 30, 2019	Division	Division	Division	Division	elimination	Total
Revenue from external	\$ 621,223	\$ 897,341	\$ 159,262	\$ 173,261	\$ -	\$ 1,851,087
customer contracts						
Inter-segment revenue	82,661	1,937,947	5,124		(2,025,732)	
Total segment revenue	\$ 703,884	\$ 2,835,288	\$ 164,386	\$ 173,261	(\$ 2,025,732)	\$ 1,851,087
Segment income/(loss)	\$ 54,449	\$ 57,896	\$ 70,487	(\$ 218)	(\$ 166,162)	\$ 16,452
Timing of revenue recognition						
At a point in time	\$ 621,223	\$ 897,341	\$ 109,460	\$ 172,532	\$ -	\$ 1,800,556
Over time			49,802	729		50,531
	\$ 621,223	\$ 897,341	\$ 159,262	\$ 173,261	\$ -	\$ 1,851,087
		Second	Technical			
For the nine-month period	First Business		Technical Services	Energy	Reconciliation and	
For the nine-month period ended September 30, 2018	First Business Division			Energy Division	Reconciliation and elimination	Total
•		Business	Services	22		Total \$ 1,898,206
ended September 30, 2018	Division \$ 647,535	Business Division \$ 877,884	Services Division \$ 205,603	Division	elimination -	
ended September 30, 2018 Revenue from external	Division	Business Division	Services Division	Division	elimination	
ended September 30, 2018 Revenue from external customer contracts	Division \$ 647,535	Business Division \$ 877,884	Services Division \$ 205,603	Division	elimination -	
ended September 30, 2018 Revenue from external customer contracts Inter-segment revenue	Division \$ 647,535 102,581	Business	Services	Division \$ 167,184	elimination \$ - (2,266,901)	\$ 1,898,206
ended September 30, 2018 Revenue from external customer contracts Inter-segment revenue Total segment revenue	Division \$ 647,535 102,581 \$ 750,116	Business Division \$ 877,884 2,157,140 \$ 3,035,024	Services	Division \$ 167,184	elimination \$ - (2,266,901) (\$ 2,266,901)	\$ 1,898,206 <u>-</u> \$ 1,898,206
ended September 30, 2018 Revenue from external customer contracts Inter-segment revenue Total segment revenue Segment income/(loss)	Division \$ 647,535 102,581 \$ 750,116	Business Division \$ 877,884 2,157,140 \$ 3,035,024	Services	Division \$ 167,184	elimination \$ - (2,266,901) (\$ 2,266,901)	\$ 1,898,206 <u>-</u> \$ 1,898,206
ended September 30, 2018 Revenue from external customer contracts Inter-segment revenue Total segment revenue Segment income/(loss) Timing of revenue recognition	Division \$ 647,535 102,581 \$ 750,116 \$ 101,850	Business Division \$ 877,884 2,157,140 \$ 3,035,024 \$ 61,863	Services Division \$ 205,603 7,180 \$ 212,783 \$ 76,175	Division \$ 167,184 \$ 167,184 \$ 14,308	elimination \$ - (2,266,901) (\$ 2,266,901) (\$ 178,232)	\$ 1,898,206 \$ 1,898,206 \$ 75,964
ended September 30, 2018 Revenue from external customer contracts Inter-segment revenue Total segment revenue Segment income/(loss) Timing of revenue recognition At a point in time	Division \$ 647,535 102,581 \$ 750,116 \$ 101,850	Business Division \$ 877,884 2,157,140 \$ 3,035,024 \$ 61,863	Services Division \$ 205,603	Division \$ 167,184 \$ 167,184 \$ 14,308 \$ 166,924	elimination \$ - (2,266,901) (\$ 2,266,901) (\$ 178,232)	\$ 1,898,206 \$ 1,898,206 \$ 75,964 \$ 1,853,816

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	Se	eptember 30, 2019	 December 31, 2018
Contract liabilities:			
Contract liabilities	\$	140,179	\$ 234,440
 advance receipts for construction 			
		19.262	14 174
 advance sales receipts 		18,202	 14,174
	\$	158,441	\$ 248,614
	Se	eptember 30, 2018	January 1, 2018
Contract liabilities:			
Contract liabilities	\$	216,805	\$ 155,751
 advance receipts for construction 			
Contract liabilities			
 advance sales receipts 		6,535	 5,177
-	\$	223,340	\$ 160,928
 advance receipts for construction Contract liabilities advance sales receipts Contract liabilities: Contract liabilities advance receipts for construction Contract liabilities 	\$ Se	18,262 158,441 eptember 30, 2018 216,805	\$ 14,1 248,6 January 1, 2018 155,7

(a) Significant changes in contract liabilities None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	For the	ed September 30,		
		2019	2018	
Revenue recognised that was included in the contract liability balance at the beginning of the period				
Sales revenue	\$	11,885	\$	5,526
	For the nine-month periods ended September			
		2019		2018
Revenue recognised that was included in the contract liability balance at the beginning of the period				
Sales revenue	\$	155,114	\$	79,758

(17) Other income

	For t	he three-month peri	ods ende	ed September 30,	
		2019		2018	
Interest income	\$	181	\$	119	
Others		3,206		2,578	
	\$	3,387	\$	2,697	
	For	the nine-month perio	ods ende	d September 30,	
		2019		2018	
Interest income	\$	750	\$	962	
Others		11,779		10,921	
	\$	12,529	\$	11,883	
(18) Other gains and losses					
	For t	he three-month peri	ods ende	ed September 30,	
		2019		2018	
Foreign exchange gains	\$	7,663	\$	5,393	
Losses on disposals of property, plant and					
equipment	(78)	(102)	
Losses on financial liabilities at fair					
value through profit or loss		-	(2,743)	
Profit from lease modification		-		-	
Others	(410)	(74)	
	\$	7,175	\$	2,474	
	For the nine-month periods ended September 30,				
		2019		2018	
Foreign exchange gains	\$	16,248	\$	12,849	
Losses on disposals of property, plant and	,	07\	,	410)	
equipment	(97)	(410)	
Losses on financial liabilities at fair value through profit or loss			(6,460)	
Profit from lease modification		12	(0,400)	
Others	(547)	(170)	
Canorio .	\$	15,616	\$	5,809	
	*	12,010	*	2,007	

(19) Expenses by nature

By function	For the three-month period ended			For the three-month period ended				
	Se	September 30, 2019			September 30, 2018			
By nature	Operating costs	Operating expenses	Tota	1	Operating costs	Operating expenses		Total
Employee benefit expense	\$ 55,797	\$ 82,750	\$ 138	,547	\$ 54,489	\$ 78,207	\$	132,696
Depreciation charges	9,738	8,348	18	,086	8,813	5,612		14,425
Amortization charges	4	2,612	2	,616	95	2,528		2,623
By function	For the n	ine-month peri	od ended		For the nine-month period ended			
	Se	ptember 30, 20	19		September 30, 2018			
By nature	Operating costs	Operating expenses	Tota	1	Operating costs	Operating expenses		Total
Employee benefit expense	\$ 161,613	\$ 243,253	\$ 404	,866	\$ 160,007	\$ 238,255	\$	398,262
Depreciation charges	28,371	25,741	54	,112	26,625	17,068		43,693
Amortization charges	143	7,788	7	,931	378	7,079		7,457

(20) Employee benefit expense

	For the three-month periods ended September 30,					
		2019		2018		
Wages and salaries	\$	118,056	\$	112,649		
Labor and health insurance fees		9,913		9,486		
Pension costs		6,468		6,690		
Other personnel expenses		4,110		3,871		
	\$	138,547	\$	132,696		
	For the nine-month periods ended September 30,					
	<u></u>	2019		2018		
Wages and salaries	\$	342,624	\$	336,599		
Labor and health insurance fees		30,314		28,935		
Pension costs		19,676		20,291		
Other personnel expenses		12,252		12,437		
	\$	404,866	\$	398,262		

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 6% to 10% for employees compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the three-month periods ended September 30, 2019 and 2018, and for the nine-month periods ended September 30, 2019 and 2018, employees' compensation was accrued at \$2,179, \$1,706, \$2,531 and \$5,841, respectively; while directors' and supervisors' remuneration was accrued at \$727, \$449, \$844 and \$1,827, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2% of distributable profit of current period for the ninemonth period ended September 30, 2019.

The difference of \$9 between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and the amount recognised in the 2018 financial statements of \$6,262, \$2,087 had been adjusted in profit or loss for 2019. The appropriation was in the form of cash.

Information about the appropriation of employees' compensation (bonus) and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended September				
		2019		2018	
Current tax:					
Current tax on profits for the period	\$	6,462	\$	5,519	
Prior year income tax (over) underestimation	(3,298)		350	
Total current tax	-	3,164	-	5,869	
Deferred tax:					
Origination and reversal of temporary differences		1,050		157	
Impact of change in tax rate					
Income tax expense	\$	4,214	\$	6,026	

	For the nine-month periods ended September 3				
		2019		2018	
Current tax:					
Current tax on profits for the period	\$	12,356	\$	19,873	
Prior year income tax overestimation	(4,462)	(3,407)	
Total current tax		7,894		16,466	
Deferred tax:					
Origination and reversal of temporary differences	(3,224)		3,619	
Impact of change in tax rate				8,647	
Income tax expense	\$	4,670	\$	28,732	

(b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

For the three-month periods ended September 30,				
	2019	2018		
(\$	3,883) (\$	3,589)		
For the	nine-month periods end	led September 30,		
	2019	2018		
(\$	2,382) (\$	2,248)		
	<u> </u>	5		
(\$	2,382) (\$	2,243)		
	For the	2019 (\$ 3,883) (\$ For the nine-month periods end 2019 (\$ 2,382) (\$		

- B. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.
- C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 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.

(22) Earnings per share

	For the	he three-mo	onth period ended Septe	ember	r 30, 2019
	Amount after tax		Weighted average number of ordinary shares outstanding (shares in thousands)	pe	arnings er share dollars)
Basic earnings per share					
Profit attributable to ordinary shareholders	Ф	20.022	45,000	ф	0.67
of the parent company Diluted earnings per share	\$	30,032	45,000	\$	0.67
Profit attributable to ordinary shareholders of		30,032	45,000		
the parent company		20,022	,		
Assumed conversion of all dilutive potential					
ordinary shares					
Employees' compensation			69		
Profit attributable to ordinary shareholders of the parent plus assumed conversion of					
all dilutive potential ordinary shares	\$	30,032	45,069	\$	0.67
1					
	For the	he three-mo	onth period ended Septe	embei	r 30, 2018
	For the	he three-mo	onth period ended Septe Weighted average	embei	r 30, 2018
			Weighted average number of ordinary	Ea	nrnings
		ount after	Weighted average number of ordinary shares outstanding	Ea pe	arnings er share
Rasic earnings per chare			Weighted average number of ordinary	Ea pe	nrnings
Basic earnings per share Profit attributable to ordinary shareholders of		ount after	Weighted average number of ordinary shares outstanding	Ea pe	arnings er share
Basic earnings per share Profit attributable to ordinary shareholders of the parent company		ount after	Weighted average number of ordinary shares outstanding	Ea pe	arnings er share
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company <u>Diluted earnings per share</u> Profit attributable to ordinary shareholders of	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential ordinary shares Employees' compensation Profit attributable to ordinary shareholders	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential ordinary shares Employees' compensation	Am	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ea pe (in	arnings er share dollars)

	For t	he nine-mo	nth period ended Septe	mber	30, 2019
			Weighted average		
			number of ordinary		rnings
	Am	ount after	shares outstanding		r share
		tax	(shares in thousands)	(in o	dollars)
Basic earnings per share					
Profit attributable to ordinary shareholders	Ф	24.640	45,000	Ф	0.77
of the parent company	\$	34,648	45,000	\$	0.77
Diluted earnings per share					
Profit attributable to ordinary shareholders of		34,648	45,000		
the parent company					
Assumed conversion of all dilutive potential					
ordinary shares			110		
Employees' compensation			118		
Profit attributable to ordinary shareholders					
of the parent plus assumed conversion of	\$	34,648	45,118	\$	0.77
all dilutive potential ordinary shares	Ψ	34,040	45,110	Ψ	0.77
	Eon t	ha nina ma	nth namical and ad Canta	mhan	20. 2019
	For t	he nine-mo	nth period ended Septe	mber	30, 2018
	For t	he nine-mo	Weighted average		<u> </u>
			Weighted average number of ordinary	Ear	rnings
		ount after	Weighted average number of ordinary shares outstanding	Ear per	rnings r share
Decimany			Weighted average number of ordinary	Ear per	rnings
Basic earnings per share Profit attributable to ordinary shareholders of		ount after	Weighted average number of ordinary shares outstanding	Ear per	rnings r share
Profit attributable to ordinary shareholders of	Ame	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company		ount after	Weighted average number of ordinary shares outstanding	Ear per	rnings r share
Profit attributable to ordinary shareholders of the parent company <u>Diluted earnings per share</u>	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company <u>Diluted earnings per share</u> Profit attributable to ordinary shareholders of	Ame	ount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential ordinary shares	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential ordinary shares Employees' compensation	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)
Profit attributable to ordinary shareholders of the parent company Diluted earnings per share Profit attributable to ordinary shareholders of the parent company Assumed conversion of all dilutive potential ordinary shares	Ame	ount after tax 61,997	Weighted average number of ordinary shares outstanding (shares in thousands) 45,000	Ear per (in c	rnings r share dollars)

(23) Transactions with non-controlling interest

- A. Subsidiary Ablerex-Latam of the Group increased its capital to employees on February 7, 2019. As a result, the Group decreased its share interest by 14%. The transaction increased non-controlling interest by \$1,784 and decreased the equity attributable to owners of parent by \$1,784.
- B. The Group did not conduct any transaction with non-controlling interest for the nine-month period ended September 30, 2018.

(24) Operating leases

Effective 2018

The Group leases offices and company vehicles under non-cancellable operating lease agreements. The lease terms are between 2015 and 2019, and most of these lease agreements are renewable at the end of lease period. The Group recognised rental expenses of \$3,028 and \$8,896 for these leases in profit or loss for the three-month period ended September 30, 2018, and for the nine-month period ended September 30, 2018, respectively. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Decer	nber 31, 2018	Septer	mber 30, 2018
Not later than one year	\$	8,231	\$	8,261
Later than one year but not later than		3,291		3,712
five years	\$	11,522	\$	11,973

(25) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month periods ended Septemb			ed September 30,
		2019		2018
Purchase of property, plant and equipment	\$	18,106	\$	16,411
Less: Current provision for decommissioning				
(Recognized in other non-current				
liabilities)	(1,901)		<u> </u>
Cash paid during the period	\$	16,205	\$	16,411

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
United Integrated Services Co., Ltd.	The entity using equity method to account for the investment in the Company
Beijing Xiankong Technology Co., Ltd.	Other related party
Directors, supervisors, general manager and vice	The Group's key management
general manager	
United Integrated Services Co., Ltd.(JIANGXI)	Other related party
Eco Energy Corporation	Other related party

(2) Significant related party transactions and balances

A. Sales revenue

	For the three-month periods ended September 30,						
		2019	2	018			
Sales revenue							
Entities with significant influence to the Group	\$	97,440	\$	90			
Other related parties		187					
	\$	97,627	\$	90			
	For the nine-month periods ended September 30,						
		2019	2	018			
Sales revenue							
Entities with significant influence to the Group	\$	165,900	\$	186			
Other related parties		1,536					
	\$	167,436	\$	186			

The transaction prices and terms of the Group and entities with significant influence over the Group are determined in accordance with the agreed contracts. The credit term is commensurate with non-related parties, which is 60~120 days after monthly billings.

B. Leasing arrangements - lessee

- (a) The Group leased office and plant from United Integrated Services Co., Ltd. Rental contracts are typically made for periods from 2019 to 2020. Rents are paid at the end of each month.
- (b) Acquisition of right-of-use assets
 On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$10,340.
- (c) Rent expense

	For the three	e-month period
United Integrated Services Co., Ltd.	ended Septe	mber 30, 2018
	\$	1,144
	For the nine	-month period
	ended Septe	mber 30, 2018
United Integrated Services Co., Ltd.	\$	3,434

The Group adopted the Statement of Financial Accounting Standards No.17 in 2018 and recognised rent expense accordingly. On January 1, 2019 (the date of initial application of IFRS 16), the Group would recognise lease contract of United Integrated Services Co., Ltd. as lease liability and recognises interest expense over the lease term. Hence, there was no rent expense for the three-month period ended September 30, 2019, and for the nine-month period ended September 30, 2019.

(d) Lease liabilities

i. Outstanding balance

		September 30, 2019
United Integrated Services Co	\$ 7,340	
ii. Interest expense		
	For the three-month period ended September 30, 2019	*
United Integrated Services Co., Ltd.	\$ 31	1 \$ 105

C. Accounts receivable from related parties

	Septen	nber 30, 2019	Decen	nber 31, 2018	Septem	ber 30, 2018
Accounts receivable Entities with significant influence to the Group	\$	28,064	\$	10,084	\$	9,983
Other related parties		465				<u> </u>
-	\$	28,529	\$	10,084	\$	9,983

D. Endorsements and guarantees

As of September 30, 2019, December 31, 2018, September 30, 2018, there were unsecured bank borrowings amounting to \$455,580, \$252,298 and \$361,575, respectively. The Company's key management was a joint guarantor.

E. Commitments

Promissory notes issued for the warranty of sales and performance guarantees of lease contracts.

	Septem	September 30, 2019		December 31, 2018		September 30, 2018	
Entities with significant							
influence to the Group	\$	11,532	\$	1,220	\$	1,073	

(3) Key management compensation

	For the	d September 30,				
		2019	2018			
Salaries and other short-term employee						
benefits	\$	8,316	\$	7,021		
Termination benefits		197		207		
	\$	8,513	\$	7,228		
	For the nine-month periods ended September 30,					
		2019		2018		
Salaries and other short-term employee						
benefits	\$	25,570	\$	23,354		
Termination benefits		647		705		
	\$	26,217	\$	24,059		

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	_					
Pledged assets	September	30, 2019	December	31, 2018	September 30, 20	8 Purpose
Other current assets — time deposits	\$	194	\$	194	\$ 19	4 Performance guarantee for contracts
Property, plant and equipment —land and buildings Other non-current assets		117,750		125,193	125,55	5 Short-term borrowings or guarantee for line of credit Short-term borrowings or
- long-term prepaid rent Right-of-use assets		- 017		964	96	Short-term borrowings or
—land use rights	\$	917 118,861	\$	126,351	\$ 126,71	guarantee for line of credit

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. As of September 30, 2019, December 31, 2018 and September 30, 2018, other than the details of contingencies and commitments between the Group and related parties as provided in Note 7(2) E, contingencies and commitments between the Group and third parties are as follows:

Capital expenditure contracted for at the balance sheet date but not yet incurred

	<u>September 30, 2019</u>		December 31, 2018		September 30, 2018	
Property, plant and equipment	\$	1,048	\$	3,067	\$	114
Intangible assets		762				_
	\$	1,810	\$	3,067	\$	114

Warranty and performance guarantee

As of September 30, 2019, December 31, 2018, September 30, 2018, promissory notes issued for the warranty and performance guarantee of sales amounted to \$77,792, \$71,690 and \$70,821, respectively.

B Details of endorsements/guarantees provided by the Company to subsidiaries are provided in Note 13(1) B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may

adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets.

In 2019, the Group's strategy, which was unchanged from 2018, was to maintain the gearing ratio of about 40%. The gearing ratios at September 30, 2019, December 31, 2018 and September 30, 2018 were as follows:

	Septe	September 30, 2019		December 31, 2018		September 30, 2018	
Total liabilities	\$	1,381,869	\$	1,183,138	\$	1,310,275	
Total equity		1,486,702		1,528,739	-	1,512,560	
Total assets	\$	2,868,571	\$	2,711,877	\$	2,822,835	
Gearing ratio		48%		44%		46%	

(2) Financial instruments

A. Financial instruments by category

	Septemb	er 30, 2019	Decer	mber 31, 2018	Septemb	er 30, 2018
Financial assets						
Financial assets at amortised cost						
Cash and cash equivalents	\$	270,185	\$	201,285	\$	212,775
Notes receivable						
(including related parties)		22,790		43,758		22,281
Accounts receivable						
(including related parties)		564,575		521,267		594,502
Other receivables		7,620		5,089		6,544
Guarantee deposits paid		11,702		8,403		7,385
Other financial assets		194		194		194
	\$	877,066	\$	779,996	\$	843,681
Financial liabilities						
Financial liabilities at fair value						
through profit or loss						
Financial liabilities held for trading	\$	-	\$	-	\$	-
Financial liabilities at amortised						
Short-term borrowings		477,330		252,298		361,575
Notes payable		1,224		3,630		5,891
Accounts payable		436,556		371,747		432,420
Other accounts payable		102,799		131,684		111,568
Long-term borrowings						
(including current portion)		15,277		-		-
Guarantee deposits received		70		72		72
	\$	1,033,256	\$	759,431	\$	911,526
Lease libility	\$	16,404	\$	_	\$	_

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board 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 future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting.
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

For the nine-month period ended September 30, 2019

					september 50	, 2017		
	Septe	mber 30, 20	19	Sensitivity analysis				
	Foreign currency				Effect or profit or	Effect on other		
(Foreign currency:	amount	Exchange	Book value	Degree	loss befo	re comprehensive		
Functional currency)	(In thousands)	rate	(NTD)	of variation	tax	income		
Financial assets								
Monetary items								
USD:NTD	\$ 6,828	31.04	\$ 211,941	1%	6 \$ 2,1	19 \$ -		
RMB:NTD	8,547	4.35	37,179	19	6 3	- 72		
USD:RMB	549	7.14	17,041	19	6 1	70 -		
SGD:USD	402	0.72	9,033	19	6	90 -		
Financial liabilities								
Monetary items								
USD:NTD	\$ 1,548	31.04	\$ 48,050	1%	6 \$ 4	-80 \$		
EUR:NTD	224	33.95	7,605	1%	6	76 -		
USD:RMB	856	7.14	26,570	19	6 2	-		
SGD:USD	51	0.72	1,146	19	6	- 11		
				F	For the year e	nded		
				D	ecember 31,	2018		
	Dece	mber 31, 20	18	S	ensitivity ana	lysis		
	Foreign				Effect on	_		
	currency				profit or	Effect on other		
(Foreign currency:	amount	Exchange	Book value	Degree	loss before	comprehensive		
Functional currency)	(In thousands)	rate	(NTD)	of variation tax		income		
Financial assets	<u> </u>							
Monetary items								
USD:NTD	\$ 6,901	30.72	\$ 211,964	1%	\$ 2,120	\$ -		
RMB:NTD	7,260	4.47	32,467	1%	325	-		
SGD:USD	1,176	0.73	26,437	1%	264	_		
Financial liabilities								
Monetary items								
USD:NTD	\$ 1,401	30.72	\$ 43,032	1%	\$ 430	\$ -		
USD:RMB	404	6.87	12,409	1%	124	_		
	707	0.07	12,107	1/0	121			

For the nine-month period ended September 30, 2018

						_			
		Septe	mber 30, 20	18		Sens	sitivity anal	ysis	
		Foreign currency					Effect on profit or	Effe	ect on other
(Foreign currency:		amount	Exchange	Book value	Degree	10	oss before	com	prehensive
Functional currency)	(In	thousands)	rate	(NTD)	of variation		tax		income
Financial assets									
Monetary items									
USD:NTD	\$	9,410	30.53	\$ 287,240	1%	\$	2,872	\$	-
RMB:NTD		9,459	4.44	41,960	1%		420		-
SGD:USD		701	0.73	15,653	1%		157		-
Financial liabilities									
Monetary items									
USD:NTD	\$	1,226	30.53	\$ 37,424	1%	\$	374	\$	-
USD:RMB		810	6.88	24,725	1%		247		-

v. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended September 30, 2019 and 2018, and for the nine-month periods ended September 30, 2019 and 2018, amounted to \$7,663, \$5,393, \$16,248 and \$12,849, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise unlisted shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, Other components of equity would have increased/decreased by \$810 and \$0, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's borrowings are mostly with fixed interest rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above are accepted. 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 management. The utilisation of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.
- iii. The Group adopts the assumptions under IFRS 9, there has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. 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 reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2019, December 31, 2018 and September 30, 2018, the Group's written-off financial assets that are still under recourse procedures amounted to \$35,469, \$35,395 and \$35,352, respectively.
- viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable. On September 30, 2019, December 31, 2018 and September 30, 2018, the provision matrix is as follows:

	N	ot overdue	***	Overdue ithin 30 days	****	Overdue	***	Overdue	_	overdue for ore than 90	Total
	110	overdue.		iuiii 30 days	WI	uiiii oo days	WI	unin 90 days		days	Total
At September 30, 2019											
Expected loss rate		0.03%		0.17~1.28%		37~71%		38~84%		50~100%	
Total book value	\$	515,635	\$	12,001	\$	11,477	\$	1,246	\$	10,050	\$ 550,409
Loss allowance		155		154		4,092		586		9,376	14,363
At December 31, 2018		0.03%		0.17~1.28%		37~71%		38~84%		50~100%	
Expected loss rate											*
Total book value	\$	483,995	\$	24,620	\$	6,820	\$	1,993	\$	9,818	\$ 527,246
Loss allowance		145		605		4,262		1,747		9,304	16,063
At September 30, 2018											
Expected loss rate		0.03%		0.17~1.26%		37~70%		38~83%		50~92%	
Total book value	\$	567,377	\$	12,085	\$	1,856	\$	2,005	\$	18,765	\$ 602,088
Loss allowance		170		1,841		3,294		5,031		7,233	17,569

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2019						
	Accoun	ts receivable	Overdu	e receivable			
At January 1	\$	16,063	\$	35,395			
Reversal of impairment loss	(1,660)		-			
Effect of foreign exchange	(40)		74			
At September 30	\$	14,363	\$	35,469			
		20	018				
	Accou	nts receivable	Overd	ue receivable			
At January 1	\$	19,129	\$	36,240			
Reversal of impairment loss	(2,084))	-			
Write-offs		-	(549)			
Effect of foreign exchange		12		173			
Transfer		512	(512)			
At September 30	\$	17,569	\$	35,352			

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and other cash equivalents, choosing

- instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

			Between 3					
	Le	ss than 3	mo	onths and 1				
September 30, 2019	n	nonths		year	Over 1	year	Во	ook value
Short-term borrowings	\$	479,094	\$	-	\$	-	\$	479,094
Notes payable		1,224		-		-		1,224
Accounts payable		419,993		16,563		-		436,556
Other payables		57,359		44,648		792		102,799
Lease liability		3,081		7,588	Ć	5,517		17,186
Long-term borrowings								
(including current								
portion)		1,918		5,753	7	7,671		15,342
			В	Between 3				
	Le	ss than 3	mo	onths and 1				
December 31, 2018	n	nonths		year	Over 1	year	Во	ook value
Short-term borrowings	\$	252,527	\$	-	\$	-	\$	252,527
						-		3,630
Notes payable		3,630		-				5,050
Notes payable Accounts payable		3,630 354,024		17,723		-		371,747
* *		*		17,723 21,410	2	- 2,656		ŕ
Accounts payable		354,024	В	*	2	- 2,656		371,747
Accounts payable	Le	354,024		21,410	2	- 2,656		371,747
Accounts payable		354,024 107,618		21,410 Between 3	Over 1		_Bo	371,747
Accounts payable Other payables		354,024 107,618 ss than 3		21,410 Between 3 onths and 1			<u>Bo</u>	371,747 131,684
Accounts payable Other payables September 30, 2018	n	354,024 107,618 ss than 3 months	mo	21,410 Between 3 onths and 1	Over 1			371,747 131,684 pok value
Accounts payable Other payables September 30, 2018 Short-term borrowings	n	354,024 107,618 ss than 3 months 361,626	mo	21,410 Between 3 onths and 1	Over 1			371,747 131,684 book value 361,626

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

(3) Fair value information

- 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the

entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.
- B. Financial instruments not measured at fair value.

The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2)A.

C. 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 is as follows:

The related information of natures of the assets and liabilities is as follows:

September 30, 2019	Level	1	Level	2	I	Level 3	 Total
Assets							
Recurring fair value measurements							
Financial assets at fair value							
through other comprehensive							
income							
Equity securities	\$		\$		\$	81,000	\$ 81,000

As of December 31, 2018 and September 30, 2018, there are no financial instruments measured at fair value. Therefore, there are no related information disclosed.

- D. The methods and assumptions the Group used to measure fair value are as follows:
 - (a) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, 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.
 - (b) 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.
- E. For the nine-month periods ended September 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- F. For the nine-month periods ended September 30, 2019 and 2018, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transaction information

The Group discloses related information of the following for the nine-month period ended September 30, 2019:

- 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 (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Derivative financial instruments undertaken for the nine-month period ended September 30, 2019: None.
- J. Significant inter-company transactions for the nine-month period ended September 30, 2019: Please refer to table 6.

(2)Information on investees (not including 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, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - (a) Purchasing amount and percentage and related receivables' percentage and balance at September 30, 2019: Please refer to table 9.
 - (b) Selling amount and percentage and related receivables' percentage and balance at September 30, 2019: Please refer to table 9.
 - (c) Property transaction amounts and gains and loss arising from them: None.
 - (d) Balance and purpose of provision of endorsements/guarantees or collaterals at September 30, 2019: None.
 - (e) Maximum balance, ending balance, interest rate range and interest for financing during the nine-month period ended and at September 30, 2019: Please see Note 13(1) A.
 - (f) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group has three reportable operating segments: First Business Division, Second Business Division and Technical Services Division. The primary sources of revenue from products and services are as follows:

First Business Division : Promotes domestic sales of consigned and self-manufactured

products

Second Business Division : Responsible for international sales and market promotion of

self-manufactured products

Technical Services Division: Responsible for the installation, testing, and warranty of products,

as well as development of the repair and maintenance business line,

and purchases and sales of spare parts and miscellaneous

Energy Division : Domestic sales and market promotion of self-manufactured

energy-related products

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

For the nine-month	First	Second	Technical			
period ended	Business	Business	Services	Energy	Reconciliation	
September 30, 2019	Division	Division	Division	Division	and elimination	Total
Revenue from external customer contracts	\$ 621,223	\$ 897,341	\$ 159,262	\$ 173,261	\$ -	\$ 1,851,087
Inter-segment revenue	82,661	1,937,947	5,124		(2,025,732)	
Total segment revenue	\$ 703,884	\$ 2,835,288	\$ 164,386	\$ 173,261	(\$ 2,025,732)	\$ 1,851,087
Segment income/(loss)	\$ 54,449	\$ 57,896	\$ 70,487	(\$ 218)	(\$ 166,162)	\$ 16,452
For the nine-month	First	Second	Technical			
For the nine-month period ended	First Business	Second Business	Technical Services	Energy	Reconciliation	
				Energy Division	Reconciliation and elimination	Total
period ended	Business	Business	Services			Total \$ 1,898,206
period ended September 30, 2018	Business Division	Business Division	Services Division	Division	and elimination	
period ended September 30, 2018 Revenue from external	Business Division	Business Division	Services Division	Division	and elimination	
period ended September 30, 2018 Revenue from external customer contracts	Business Division \$ 647,535	Business Division \$ 877,884	Services Division \$ 205,603	Division	and elimination \$ -	

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliations of reportable segment income to the income before tax from continuing operations for the nine-month periods ended September 30, 2019 and 2018 are as follows:

	For the nine-month periods ended September 30,							
		2019	2018					
Reportable segments income before tax	\$	16,452 \$	75,964					
Other income		12,529	11,883					
Other gains and losses		15,616	5,809					
Finance costs	(3,781) (1,192)					
Income before tax from continuing operations	\$	40,816 \$	92,464					

The Group did not provide the total assets and total liabilities amounts to the Chief Operating Decision-Maker.

Loans to others

For the nine-month period ended September 30, 2019

Table 1

Expressed in thousands of NTD (Except as otherwise indicated)

			General	Is a	Maximum outstanding balance during					Amount of transactions	for short-	Allowance			_	Ceiling on	
No	Creditor	Borrower	ledger account	related party	the nine-month period ended September 30, 2019	Balance at September 30, 2019	Actual amount drawn down	Interest rate	Nature of loan	with the borrower	term financing	doubtful accounts	Colla Item	ateral Value	a single party	total loans granted	Footnote
0	The Company	Ablerex-	Other recivables	Y	\$ 24,848 (USD 800 thousand)	\$10,864 (USD 350 thousand)	\$ 10,864 (USD 350 thousand)	3.80%	Short-term financing	\$ -	Turnover of		None		\$ 294,695		Note 1 Note 4
0	The Company	Ablerex- LATAM	Other recivables	Y	31,040 (USD 1,000 thousand)	31,040 (USD 1,000 thousand)	15,520 (USD 500 thousand)	5.00%	Short-term financing	-	Turnover of operation	-	None	-	294,695	589,391	Note 1 Note 7
1	Ablerex- USA	Ablerex- IT	Other recivables	Y	7,765 (USD 250 thousand)	4,656 (USD 150 thousand)	4,656 (USD 150 thousand)	3.50%	Short-term financing	-	Turnover of operation	-	None	-	294,695	589,391	Note 1 Note 3 Note 6
2	Ablerex- HK	Ablerex- SZ	Other recivables	Y	93,180 (USD 3,000 thousand)	93,120 (USD 3,000 thousand)	62,080 (USD 2,000 thousand)	2.475%	Short-term financing	-	Turnover of operation	-	None	-	294,695	589,391	Note 1 Note 2 Note 5

- Note 1: In accordance with the Company's "Procedures for Provision of Loans", limit on total loans to others is 40% of the Company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year on the year of financing. Limit on loans to a single party with short-term financing is 20% of the Company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted.
- Note 2: In accordance with the Ablerex-HK's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets; but limit on total loans to subsidiaries is 40% of the parent company's current net assets. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is not restricted. The deadline of each loan is 1 year from the lending day.
- Note 3: In accordance with the Ablerex-USA's "Procedures for Provision of Loans", limit on total loans to others is 40% of the parent company's net assets. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing is 20% of the parent company's net assets. Each loan matures within one year after it is lent except for financing among entities who directly or indirectly own 100% voting right of the Company's parent company.
- Note 4: The maximum credit to be drawn as approved by the Board of Directors was USD 800 thousand. The period-end available credit balance was USD 350 thousand. The actual amount drawn was USD 350 thousand.
- Note 5: The maximum credit to be drawn as approved by the Board of Directors was USD 3,000 thousand. The period-end available credit balance was USD 3,000 thousand. The actual amount drawn was USD 2,000 thousand.
- Note 6: The maximum credit to be drawn as approved by the Board of Directors was USD 250 thousand. The period-end available credit balance was USD 150 thousand. The actual amount drawn was USD 150 thousand.
- Note 7: The maximum credit to be drawn as approved by the Board of Directors was USD 1,000 thousand. The period-end available credit balance was USD 1,000 thousand. The actual amount drawn was USD 500 thousand.

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2019

Table 2

Expressed in thousands of NTD (Except as otherwise indicated)

									Ratio of					
		Party bei	ng						accumulated					
		endorsed/gua	ranteed		Maximum				endorsement/					
				Limit on	outstanding	Outstanding			guarantee		Provision of	Provision of	Provision of	
				endorsements/	endorsement/	endorsement/		Amount of	amount to net	Ceiling on	endorsements/	endorsements/	endorsements/	
			Relationship	guarantees	guarantee	guarantee		endorsements/	asset value of	total amount of	guarantees by	guarantees by	guarantees to	
			with the	provided for a	amount as of	amount at		guarantees	the endorser/	endorsements/	parent	subsidiary to	the party in	
	Endorser/		endorser/	single party	September 30,	September 30,	Actual amount	secured with	guarantor	guarantees	company to	parent	Mainland	
Number	guarantor	Company name	guarantor	(Note 3)	2019	2019	drawn down	collateral	company	provided	subsidiary	company	China	Footnote
0	The Company	Ablerex-HK	Subsidiary	\$ 736,739	\$ 232,950	\$ 232,800	\$ 74,496	\$ -	16%	\$ 736,739	Y	N	N	Note 1 Note 2

Note1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets, and limit on endorsements/guarantees for companies with business relations is the higher value of purchases or sales during current year.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Transactions made with Ablerex-HK is higher than 50% of the Company's net assets, which is over the limit on the Company endorsements/guarantees to others.

Thus, the limit on the Company endorsements/guarantees to Ablerex-HK is 50% of the Company's net assets.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2019

Table 3 Expressed in thousands of NTD

(Except as otherwise indicated)

					As of Septeml	per 30, 2019		
		Relationship with the						
Securities held by	Marketable securities	securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Eco Energy Corporation	Other related party	Non-current financial assets at fair value through other comprehensive income	540,000	\$ 81,000	14.57%	\$ 81,000	None

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2019

Table 4

Expressed in thousands of NTD (Except as otherwise indicated)

					Transaction	1		terms comp	in transaction ared to third nsactions	N	vable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)		Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term		Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Ablerex-SG	Subsidiary	(Sales)	(\$	110,529)	(7%)	Note 3	Note 3	Note 3	\$	53,608	10%	-
Ablerex-SG	The Company	Parent Company	Purchases	USD	3,576 thousand	92%	Note 3	Note 3	Note 3	(USD	1,727 thousand)	(97%)	-
The Company	Ablerex-HK	Subsidiary	Purchases	\$	736,420	66%	Note 1	Note 1	Note 1	(\$	167,076)	45%	-
Ablerex-HK	The Company	Parent Company	(Sales)	(USD	23,714 thousand)	(95%)	Note 1	Note 1	Note 1	USD	5,383 thousand	99%	-
The Company	Ablerex-SZ	An indirectly-owned Subsidiary	Purchases	\$	105,109	9%	Note 1	Note 1	Note 1	(\$	36,156)	10%	-
Ablerex-SZ	The Company	Parent Company	(Sales)	(RMB	23,253 thousand)	(11%)	Note 1	Note 1	Note 1	RMB	8,312 thousand	(15%)	-
Ablerex-HK	Ablerex-SZ	Affiliate	Purchases USD 23,714 thousand				Note 2	Note 2	Note 2	(USD	3,899 thousand)	(95%)	-
Ablerex-SZ	Ablerex-HK	Affiliate	(Sales) (RMB 161,299 thousand) (74%) Note 2					Note 2	Note 2	RMB	27,577 thousand	49%	-

Note 1: The transaction price is commensurate with the purchase price from Ablerex-SZ; the receivable (payable) policy is Net 60 days E.O.M.

Note 2: The transaction price is the Ablerex-SZ production cost plus an agreed gross margin; the receivable (payable) policy is Net 60 days E.O.M.

Note 3: Transaction price are determined according to the agreements between the parties; the receivable (payable) policy is Net 120 days E.O.M.

Note 4: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.

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)

		Relationship	Balance	as at September 30,		Overdue re	eceivables	Amount collected subsequent to the	Allowance for
Creditor	Counterparty	with the counterparty		2019	Turnover rate	Amount	Action taken	balance sheet date	doubtful accounts
Ablerex-HK	The Company	Parent company	USD	5,383 thousand	6.75	-	-	USD 2,727 thousnad	-
Ablerex-SZ	Ablerex-HK	Affiliate	RMB	27,577 thousand	8.57	-	-	RMB 15,028 thousnad	-

Significant inter-company transactions during the reporting periods For the nine-month period ended September 30, 2019

Individual transactions not exceeding \$10,000 and their corresponding transactions are not disclosed.

Expressed in thousands of NTD (Except as otherwise indicated)

				Transaction					
Number			Relationship				Percentage of consolidated total operating revenues		
(Note 1)		Counterparty	(Note 2)	General ledger account	Amount	Transaction terms	or total assets (Note 3)		
0	The Company	Ablerex-HK	1	Sales	\$ 36,186	Note 8	2%		
		Ablerex-HK	1	Purchases	736,420	Note 4	40%		
		Ablerex-HK	1	Accounts Payable	167,076		6%		
		Ablerex-HK	1	Other Receivables	6,683		0%		
		Ablerex-SZ	1	Sales	27,625	Note 8	1%		
		Ablerex-SZ	1	Purchases	105,109	Note 4	6%		
		Ablerex-SZ	1	Accounts Payable	36,156		1%		
		Ablerex-SZ	1	Other Receivables	15,307		1%		
		Ablerex-USA	1	Sales	38,027	Note 5	2%		
		Ablerex-USA	1	Accounts Receivable	17,937		1%		
		Ablerex-SG	1	Sales	110,529	Note 6	6%		
		Ablerex-SG	1	Accounts Receivable	53,608		2%		
		Ablerex-IT	1	Sales	67,639	Note 6	4%		
		Ablerex-IT	1	Accounts Receivable	35,923		1%		
		Ablerex-IT	1	Other Receivables	10,864	Note 10	0%		
		Ablerex-LATAM	1	Sales	15,241	Note 6	1%		
		Ablerex-LATAM	1	Accounts Receivable	15,223		1%		
		Ablerex-LATAM	1	Other Receivables	15,520	Note 12	1%		
1	Ablerex-HK	Ablerex-SZ	3	Purchases	729,104	Note 4	39%		
		Ablerex-SZ	3	Sales	38,305	Note 8	2%		
		Ablerex-SZ	3	Accounts Payable	119,962		4%		
		Ablerex-SZ	3	Other Receivables	62,732	Note 9	2%		
2	Ablerex-SZ	Ablerex-BJ	3	Sales	66,369	Note 7	4%		
		Ablerex-BJ	3	Purchases	14,140	Note 7	1%		
		Ablerex-BJ	3	Accounts Receivable	38,805		1%		
		Ablerex-BJ	3	Accounts Payable	15,383		1%		

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

(1) Parent company is '0'.

Table 6

- (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:
 - (1) Parent company to subsidiary.
 - (2) Subsidiary to parent company.
 - (3) Subsidiary to subsidiary.
- Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed 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.
- Note 4: Ablerex-HK conducted purchases from Ablerex-SZ, whereby the prices were based on Ablerex-SZ's production costs. The purchases were then resold to Ablerex with a zero contribution margin; the term for receivables and payables is Net 60 days E.O.M.
- Note 5: Commensurate with general sale terms; the term for receivables is Net 120 days E.O.M.
- Note 6: Transaction prices are determined according to the agreements between the parties; the credit term is Net 120 days E.O.M.
- Note 7: Transaction prices are determined according to the agreements between the parties; the credit term is coherent with general customers.
- Note 8: Ablerex-HK conducts purchases from Ablerex, whereby the prices were determined according to the agreements between the parties. The purchases were then sold to Ablerex-SZ with a zero contribution margin; the credit term is coherent with general customers.
- Note 9: Ablerex-HK loan to Ablerex-SZ, of which \$61,535 calculated interest against agreed interest rate 2.475% per annum and the rest was for business demand.
- Note 10: Ablerex loan to Ablerex-IT, of which \$10,864 calculated interest against agreed interest rate 3.8% per annum and the rest was for business demand.
- Note 11: The credit term is coherent with general service is Net 120 days E.O.M.
- Note 12: Ablerex loan to Ablerex-Latam, of which \$15,520 calculated interest against agreed interest rate 5% per annum and the rest was for business demand.

Information on investees

For the nine-month period ended September 30, 2019

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial invest	ment amount	Shares he	eld as at September	30, 2019	Net profit (loss) of the investee for	Investment income(loss) recognised by the	
				Balance	Balance				the nine-month	Company for the nine-	
				as at September 30,	as at December 31,				period ended	month period ended	
Investor	Investee	Location	Main business activities	2019	2018	Number of shares		Book value	September 30, 2019	September 30, 2019	Footnote
The Company	Ablerex-Samoa	Samoa	Holding company	\$ 217,445	\$ 217,445	6,635,000	100	\$ 479,102	\$ 170	\$ 765	Subsidiary
The Company	Joint	BVI	Providing management service	104	104	3,000	100	31	(46)	(46)	Subsidiary
The Company	Ablerex-USA	U.S.	Sales of uninterruptible power supply, solar energy products, and related systems	8,303	8,303	250,000	100	47,630	(3,579)	(3,580)	Subsidiary
The Company	Ablerex-HK	Hong Kong	Sales of uninterruptible power supply, solar energy products, and related systems	43	43	10,000	100	31,027	356	356	Subsidiary
The Company	Ablerex-SG	Singapore	Sales of uninterruptible power supply, solar energy products, and related systems	48,008	48,008	2,140,763	100	87,765	2,058	2,131	Subsidiary
The Company	Ablerex-UK	UK	Holding company	4,674	4,674	100,000	100	2,984	(481)	(2,563)	Subsidiary
The Company	Ablerex-JP	Japan	Sales of uninterruptible power supply, solar energy products, and related systems	9,253	9,253	3,000	100	2,327	(2,424)	(2,640)	Subsidiary
Ablerex-Samoa	Ablerex -Overseas	Hong Kong	Holding company	217,445	217,445	6,635,000	100	482,744	212	-	Second-tier subsidiary
Ablerex-UK	Ablerex-IT	Italy	Sales of uninterruptible power supply, solar energy products, and related systems	4,674	4,674	100,000	100	2,984	(481)	-	Second-tier subsidiary
Ablerex-SG	Ablerex-TH	Thailand	Sales of uninterruptible power supply, solar energy products, and related systems	256	256	280,000	70	3,663	3,426	-	Second-tier subsidiary
Ablerex-USA	Ablerex-Latam	U.S.	Sales of uninterruptible power supply, solar energy products,and related systems	15,358	15,358	3,650	86	5,175	(7,753)	-	Second-tier subsidiary

Note: The Company recognised investment income comprising of downstream and upstream transactions.

Information on investments in Mainland China

For the nine-month period ended September 30, 2019

Table 8

Expressed in thousands of NTD (Except as otherwise indicated)

				Accumulated amount of remittance from Taiwan to Mainland China	period ended S	d China/ mitted back he nine-month September 30,	Accumulated amount	Net income	Ownership held by the Company	Investment income (loss) recognised by the Company for the nine-	Book value of investments in Mainland China	Accumulated amount of investment income remitted back to Taiwan as of	
Investee in	Main business		Investment	as of January 1,	Remitted to		as of September	September	(direct or	month period ended	as of September	September 30,	_
Mainland China	activities	Paid-in capital	method	2019	Mainland China	to Taiwan	30, 2019	30, 2019	indirect)	September 30, 2019	30, 2019	2019	Footnote
Ablerex-SZ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	\$ 169,478	Note 1	\$ 169,478	\$ -	\$ -	\$ 169,478	(\$ 5,048)	100	(\$ 5,048)	\$ 436,302	\$ -	-
Ablerex-BJ	Manufacturing and sales of uninterruptible power supply, solar energy products, and related systems	43,500	Note 1	36,472	-	-	36,472	7,055	80	5,644	43,251	-	-

		Investment	Ceiling on	
	Accumulated amount	amount approved	investments in	
	of remittance from	by the Investment	Mainland China	
	Taiwan to Mainland	Commission of the	imposed by the	
	China	Ministry of	Investment	
	as of September 30,	Economic Affairs	Commission of	
Company name	2019	(MOEA)	MOEA	
ABLEREX				
ELECTRONICS	\$ 205,950	\$ 205,950	\$ 892,021	
CO., LTD.				

Note 1: Invested in Cash through the third region's subsidiary, Ablerex-Samoa which invested in Ablerex-Overseas and then reinvested in Ablerex-BJ. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Excluding the presentation and disclosures of Ablerex-SZ concurrently reviewed by the Certified Public Accountant, the above-listed related parties disclosed below are presentations and disclosures on investees that were not concurrently reviewed by the Certified Public Accountant. For consolidated reporting purposes, all individuals disclosed below have eliminated all inter-group transactions.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas For the nine-month period ended September 30, 2019

purchase directly.

Table 9

(1) Purchasing amount and percentage and related payables' percentage and balance at September 30, 2019:

For the nine-month period ended September 30, 2019								
Company name	General ledger amount	Amount	%	Footnote				
Ablerex-SZ	Purchases	\$ 841,529	750/	Purchase from Ablerex-SZ through Ablerex-HK, of which \$105,109 purchase directly				

(2) Selling amount and percentage and related receivables' percentage and balance at September 30, 2019:

		For the nine-month period	ended September 30, 2019	_
Company name	General ledger amount	Amount	%	Footnote
Ablerex-SZ	Sales	\$ 65,930	4%	Resold to Ablerex-SZ through Ablerex-HK, of which \$27,625 sold a directly.

(3) Other significant transactions that affected the gains and losses or financial status for the period, i.e. rendering/receiving of service:

		For the nir	e-month period ended	d September 30, 2019	
Company name	General ledger amount	Ar	nount	%	Footnote
Ablerex-SZ	Miscellaneous income	\$	3,077	87%	The Company purchased the critical raw materials of \$33,815 on behalf of Ablerex-SZ, of which \$19,945 collected revenue through Ablerex-HK's transshipment.
Ablerex-SZ	Deduction from management fee	\$	5,107	12%	Provide management service to Ablerex-SZ and collectd payment through Joint Rewards Trading Crop.