

BizLink Holding Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
BizLink Holding Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of BizLink Holding Inc. and its subsidiaries (the Company) as of March 31, 2019 and 2018, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as at March 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the three month then ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chung Chen Chen and Chiang Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

| ASSETS | March 31, 2019 (Reviewed) | | December 31, 2018 (Audited) | | March 31, 2018 (Reviewed) | |
|---|------------------------------|------------|--------------------------------|------------|------------------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 3,274,745 | 18 | \$ 3,560,272 | 20 | \$ 3,889,409 | 24 |
| Financial assets at fair value through profit or loss (FVTPL) - current (Note 7) | 13,165 | - | 4,675 | - | 16,387 | - |
| Financial assets for hedging - current (Note 25 and 34) | 654 | - | - | - | - | - |
| Notes receivable from unrelated parties (Notes 9 and 26) | 30,139 | - | 69,267 | - | 144,606 | 1 |
| Trade receivables from unrelated parties (Notes 9 and 26) | 4,930,009 | 28 | 5,069,223 | 29 | 4,021,756 | 25 |
| Other receivables (Note 9) | 91,734 | 1 | 104,967 | 1 | 187,540 | 1 |
| Current tax assets | 17,779 | - | 17,720 | - | 23,352 | - |
| Inventories (Note 10) | 4,158,425 | 23 | 4,457,156 | 25 | 3,802,898 | 23 |
| Prepayments (Notes 18 and 19) | 157,607 | 1 | 178,345 | 1 | 175,368 | 1 |
| Other financial assets - current (Notes 19 and 36) | 25,848 | - | 21,128 | - | 64,273 | - |
| Other current assets (Note 19) | <u>1,909</u> | <u>-</u> | <u>1,944</u> | <u>-</u> | <u>1,846</u> | <u>-</u> |
| Total current assets | <u>12,702,014</u> | <u>71</u> | <u>13,484,697</u> | <u>76</u> | <u>12,327,435</u> | <u>75</u> |
| NON-CURRENT ASSETS | | | | | | |
| Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8) | 452,761 | 2 | 382,626 | 2 | 298,890 | 2 |
| Investments accounted for using the equity method (Note 12) | 41,562 | - | 12,584 | - | 17,892 | - |
| Property, plant and equipment (Notes 13 and 36) | 2,231,593 | 12 | 2,221,686 | 13 | 2,112,723 | 13 |
| Right-of-use assets (Note 3, 4, 14 and 35) | 902,498 | 5 | - | - | - | - |
| Investment properties (Notes 15 and 36) | 204,856 | 1 | 205,387 | 1 | 201,997 | 1 |
| Goodwill (Note 16) | 387,335 | 2 | 393,855 | 2 | 399,541 | 3 |
| Other intangible assets (Notes 17 and 31) | 505,544 | 3 | 528,113 | 3 | 500,898 | 3 |
| Deferred tax assets | 149,716 | 1 | 156,067 | 1 | 126,171 | 1 |
| Other financial assets - non-current (Notes 19 and 36) | 273,489 | 2 | 183,252 | 1 | 208,963 | 1 |
| Long-term prepayments for leases (Note 18) | - | - | 36,728 | - | 38,956 | - |
| Other non-current assets (Notes 19 and 35) | <u>158,286</u> | <u>1</u> | <u>131,107</u> | <u>1</u> | <u>130,508</u> | <u>1</u> |
| Total non-current assets | <u>5,307,640</u> | <u>29</u> | <u>4,251,405</u> | <u>24</u> | <u>4,036,539</u> | <u>25</u> |
| TOTAL | <u>\$ 18,009,654</u> | <u>100</u> | <u>\$ 17,736,102</u> | <u>100</u> | <u>\$ 16,363,974</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Notes 20 and 36) | \$ 99,110 | 1 | \$ 64,500 | - | \$ 261,946 | 2 |
| Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 7) | 1,480 | - | 6,450 | - | 14,284 | - |
| Financial liabilities for hedging - current (Notes 25 and 34) | - | - | 3,473 | - | 11,082 | - |
| Contract liabilities - current (Note 26) | 18,961 | - | 22,507 | - | 29,054 | - |
| Notes payable (Note 22) | 182,367 | 1 | 133,522 | 1 | 121,048 | 1 |
| Trade payables (Note 22) | 2,772,745 | 15 | 3,831,669 | 22 | 3,034,735 | 18 |
| Lease liabilities - current (Note 3, 4, 14 and 35) | 243,358 | 1 | - | - | - | - |
| Other payables (Note 23) | 1,014,544 | 6 | 1,096,270 | 6 | 892,404 | 5 |
| Current tax liabilities | 106,137 | 1 | 161,464 | 1 | 89,740 | 1 |
| Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 36) | 2,953,234 | 16 | 37,713 | - | 12,323 | - |
| Other current liabilities (Note 23) | <u>2,633</u> | <u>-</u> | <u>2,292</u> | <u>-</u> | <u>2,294</u> | <u>-</u> |
| Total current liabilities | <u>7,394,569</u> | <u>41</u> | <u>5,359,860</u> | <u>30</u> | <u>4,468,910</u> | <u>27</u> |
| NON-CURRENT LIABILITIES | | | | | | |
| Lease liabilities - non-current (Note 3, 4, 14 and 35) | 627,770 | 4 | - | - | - | - |
| Bonds payable (Notes 21 and 36) | - | - | 2,891,598 | 16 | 2,714,009 | 17 |
| Long-term borrowings (Notes 20 and 36) | 334,558 | 2 | 341,348 | 2 | 364,360 | 2 |
| Deferred tax liabilities | 52,442 | - | 56,887 | 1 | 58,566 | 1 |
| Net defined benefit liabilities - non-current (Note 4) | 4,370 | - | 4,341 | - | 4,421 | - |
| Other non-current liabilities (Note 23) | <u>18,825</u> | <u>-</u> | <u>21,317</u> | <u>-</u> | <u>27,927</u> | <u>-</u> |
| Total non-current liabilities | <u>1,037,965</u> | <u>6</u> | <u>3,315,491</u> | <u>19</u> | <u>3,169,283</u> | <u>20</u> |
| Total liabilities | <u>8,432,534</u> | <u>47</u> | <u>8,675,351</u> | <u>49</u> | <u>7,638,193</u> | <u>47</u> |
| EQUITY ATTRIBUTABLE TO OWNERS OF BIZLINK (Note 25) | | | | | | |
| Capital stock | | | | | | |
| Common stock | <u>1,185,174</u> | <u>7</u> | <u>1,185,174</u> | <u>7</u> | <u>1,185,664</u> | <u>7</u> |
| Capital surplus | <u>4,893,638</u> | <u>27</u> | <u>4,893,638</u> | <u>28</u> | <u>4,900,511</u> | <u>30</u> |
| Retained earnings | | | | | | |
| Legal reserve | 487,839 | 3 | 487,839 | 3 | 371,593 | 2 |
| Special reserve | 604,558 | 3 | 604,558 | 3 | 304,631 | 2 |
| Unappropriated earnings | <u>2,837,908</u> | <u>16</u> | <u>2,506,543</u> | <u>14</u> | <u>2,561,260</u> | <u>16</u> |
| Total retained earnings | <u>3,930,305</u> | <u>22</u> | <u>3,598,940</u> | <u>20</u> | <u>3,237,484</u> | <u>20</u> |
| Other equity | <u>(488,564)</u> | <u>(3)</u> | <u>(671,797)</u> | <u>(4)</u> | <u>(647,556)</u> | <u>(4)</u> |
| Total equity attributable to owners of the BizLink | 9,520,553 | 53 | 9,005,955 | 51 | 8,676,103 | 53 |
| NON-CONTROLLING INTERESTS (Notes 25 and 31) | <u>56,567</u> | <u>-</u> | <u>54,796</u> | <u>-</u> | <u>49,678</u> | <u>-</u> |
| Total equity | <u>9,577,120</u> | <u>53</u> | <u>9,060,751</u> | <u>51</u> | <u>8,725,781</u> | <u>53</u> |
| TOTAL | <u>\$ 18,009,654</u> | <u>100</u> | <u>\$ 17,736,102</u> | <u>100</u> | <u>\$ 16,363,974</u> | <u>100</u> |

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

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended March 31 | | | |
|--|-------------------------------------|------------|------------------|------------|
| | 2019 | | 2018 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Note 26) | | | | |
| Sales | \$ 5,481,732 | 100 | \$ 4,730,966 | 100 |
| OPERATING COSTS | | | | |
| Cost of goods sold (Notes 10, 27 and 35) | <u>4,206,689</u> | <u>77</u> | <u>3,798,362</u> | <u>80</u> |
| GROSS PROFIT | <u>1,275,043</u> | <u>23</u> | <u>932,604</u> | <u>20</u> |
| OPERATING EXPENSES (Notes 27 and 35) | | | | |
| Selling and marketing expenses | 239,635 | 4 | 164,844 | 4 |
| General and administrative expenses | 428,374 | 8 | 331,840 | 7 |
| Research and development expenses | 128,513 | 2 | 103,425 | 2 |
| Expected credit loss recognized (reversed) (Note 9) | <u>4,683</u> | <u>-</u> | <u>(2,126)</u> | <u>-</u> |
| Total operating expenses | <u>801,205</u> | <u>14</u> | <u>597,983</u> | <u>13</u> |
| PROFIT FROM OPERATIONS | <u>473,838</u> | <u>9</u> | <u>334,621</u> | <u>7</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other income (Note 27) | 20,585 | - | 16,983 | - |
| Other gains and losses (Note 27) | (37,887) | (1) | (75,428) | (1) |
| Finance costs (Note 27) | (23,595) | - | (11,297) | - |
| Share of loss of associates | <u>(1,034)</u> | <u>-</u> | <u>(999)</u> | <u>-</u> |
| Total non-operating income and expenses | <u>(41,931)</u> | <u>(1)</u> | <u>(70,741)</u> | <u>(1)</u> |
| PROFIT BEFORE INCOME TAX FROM OPERATIONS | 431,907 | 8 | 263,880 | 6 |
| INCOME TAX EXPENSE (Notes 4 and 28) | <u>(99,573)</u> | <u>(2)</u> | <u>(36,326)</u> | <u>(1)</u> |
| NET PROFIT FOR THE PERIOD | <u>332,334</u> | <u>6</u> | <u>227,554</u> | <u>5</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | |
| Unrealized gain on investments in equity instruments at FVTOCI (Note 25) | 68,980 | 1 | 27,286 | 1 |

(Continued)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

| | For the Three Months Ended March 31 | | | |
|--|-------------------------------------|----------|-------------------|----------|
| | 2019 | | 2018 | |
| | Amount | % | Amount | % |
| Gain/(loss) on hedging instruments subject to basis adjustments (Notes 4 and 25) | \$ 4,199 | - | \$ (17,112) | - |
| Exchange differences on translation to presentation currency (Note 25) | 30,818 | 1 | (209,963) | (5) |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 25) | <u>(1,050)</u> | <u>-</u> | <u>4,278</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations (Note 25) | <u>72,302</u> | <u>1</u> | <u>285,241</u> | <u>6</u> |
| Other comprehensive income for the period, net of income tax | <u>175,249</u> | <u>3</u> | <u>89,730</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>\$ 507,583</u> | <u>9</u> | <u>\$ 317,284</u> | <u>7</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of BizLink | \$ 331,365 | 6 | \$ 225,820 | 5 |
| Non-controlling interests | <u>969</u> | <u>-</u> | <u>1,734</u> | <u>-</u> |
| | <u>\$ 332,334</u> | <u>6</u> | <u>\$ 227,554</u> | <u>5</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of BizLink | \$ 505,812 | 9 | \$ 315,391 | 7 |
| Non-controlling interests | <u>1,771</u> | <u>-</u> | <u>1,893</u> | <u>-</u> |
| | <u>\$ 507,583</u> | <u>9</u> | <u>\$ 317,284</u> | <u>7</u> |
| EARNINGS PER SHARE (Note 29) | | | | |
| Basic | <u>\$ 2.81</u> | | <u>\$ 1.94</u> | |
| Diluted | <u>\$ 2.61</u> | | <u>\$ 1.92</u> | |

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

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

| | Equity Attributable to Owners of the BizLink | | | | | | | | | | | |
|--|--|---------------------|-------------------|-------------------|----------------------------|--|---|---|--------------------|---------------------|------------------------------|---------------------|
| | Capital Stock Common Stock | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating the Financial Statements of Foreign Operations | Other Equity | | | | Non-controlling Interests | Total Equity |
| | | | Legal Reserve | Special Reserve | Unappropriated Earnings | | Unrealized Gain (Loss) on Financial Assets at FVTOCI | Gain or Loss on Hedging Instruments | Others | Total | | |
| BALANCE AT JANUARY 1, 2018 | \$ 1,155,664 | \$ 4,130,734 | \$ 371,593 | \$ 304,631 | \$ 2,350,261 | \$ (617,080) | \$ (44,333) | \$ - | \$ (92,420) | \$ 7,559,050 | \$ - | \$ 7,559,050 |
| Equity component of convertible bonds (Notes 21, 25 and 32) | - | 169,777 | - | - | - | - | - | - | - | 169,777 | - | 169,777 |
| Issuance of common stocks for cash (Note 25) | 30,000 | 600,000 | - | - | - | - | - | - | - | 630,000 | - | 630,000 |
| Changes in non-controlling interests (Notes 25 and 31) | - | - | - | - | (14,821) | - | - | - | - | (14,821) | 47,785 | 32,964 |
| Stock-based payment arrangements (Notes 25, 27 and 30) | - | - | - | - | - | - | - | - | 16,706 | 16,706 | - | 16,706 |
| Net profit for the three months ended March 31, 2018 | - | - | - | - | 225,820 | - | - | - | - | 225,820 | 1,734 | 227,554 |
| Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax (Note 25) | - | - | - | - | - | 75,119 | 27,286 | (12,834) | - | 89,571 | 159 | 89,730 |
| Total comprehensive income (loss) for the three months ended March 31, 2018 | - | - | - | - | 225,820 | 75,119 | 27,286 | (12,834) | - | 315,391 | 1,893 | 317,284 |
| BALANCE AT MARCH 31, 2018 | <u>\$ 1,185,664</u> | <u>\$ 4,900,511</u> | <u>\$ 371,593</u> | <u>\$ 304,631</u> | <u>\$ 2,561,260</u> | <u>\$ (541,961)</u> | <u>\$ (17,047)</u> | <u>\$ (12,834)</u> | <u>\$ (75,714)</u> | <u>\$ 8,676,103</u> | <u>\$ 49,678</u> | <u>\$ 8,725,781</u> |
| BALANCE AT JANUARY 1, 2019 | \$ 1,185,174 | \$ 4,893,638 | \$ 487,839 | \$ 604,558 | \$ 2,506,543 | \$ (682,785) | \$ 39,148 | \$ (2,572) | \$ (25,588) | \$ 9,005,955 | \$ 54,796 | \$ 9,060,751 |
| Stock-based payment arrangements (Notes 25 and 30) | - | - | - | - | - | - | - | - | 8,786 | 8,786 | - | 8,786 |
| Net profit for the three months ended March 31, 2019 | - | - | - | - | 331,365 | - | - | - | - | 331,365 | 969 | 332,334 |
| Other comprehensive income for the three months ended March 31, 2019, net of income tax (Note 25) | - | - | - | - | - | 102,318 | 68,980 | 3,149 | - | 174,447 | 802 | 175,249 |
| Total comprehensive income for the three months ended March 31, 2019 | - | - | - | - | 331,365 | 102,318 | 68,980 | 3,149 | - | 505,812 | 1,771 | 507,583 |
| BALANCE AT MARCH 31, 2019 | <u>\$ 1,185,174</u> | <u>\$ 4,893,638</u> | <u>\$ 487,839</u> | <u>\$ 604,558</u> | <u>\$ 2,837,908</u> | <u>\$ (580,467)</u> | <u>\$ 108,128</u> | <u>\$ 577</u> | <u>\$ (16,802)</u> | <u>\$ 9,520,553</u> | <u>\$ 56,567</u> | <u>\$ 9,577,120</u> |

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

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended March 31 | |
|--|--|------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 431,907 | \$ 263,880 |
| Adjustments for: | | |
| Depreciation expenses | 149,992 | 78,948 |
| Amortization expenses | 29,098 | 24,414 |
| Expected credit losses recognized/(reversed) on trade receivables | 4,683 | (2,126) |
| Amortization of prepayments for leases | - | 327 |
| Net gain on fair value change of financial assets and liabilities at fair value through profit or loss | (28,500) | (34,787) |
| Finance costs | 23,595 | 11,297 |
| Interest income | (7,890) | (3,647) |
| Compensation cost of employee share options | 8,786 | 16,706 |
| Share of loss of associates | 1,034 | 999 |
| (Gain) loss on disposal of property, plant and equipment | (3,760) | 5,236 |
| Loss on disposal of intangible assets | - | 153 |
| Write-downs of inventories | 17,979 | 33,388 |
| Net (gain) loss on foreign currency exchange | (5,123) | 13,631 |
| Changes in operating assets and liabilities | | |
| Decrease in financial assets mandatorily at designated as at fair value through profit or loss | 15,030 | 41,682 |
| Decrease in notes receivable | 39,377 | 30,490 |
| Decrease in trade receivables | 169,358 | 213,592 |
| Decrease (increase) in other receivables | 13,706 | (47,845) |
| Decrease (increase) in inventories | 292,688 | (671,059) |
| Decrease in prepayments | 20,120 | 36,212 |
| Decrease in other current assets | 41 | 238 |
| (decrease) increase in contract liabilities | (3,624) | 8,600 |
| Increase (decrease) in notes payable | 48,404 | (61,536) |
| Decrease in trade payables | (1,072,389) | (147,207) |
| Decrease in other payables | (85,576) | (190,001) |
| (Decrease) increase in deferred revenue | (2,087) | 740 |
| Increase in net defined benefit liabilities | 29 | 27 |
| Increase in other current liabilities | 334 | 108 |
| Increase in other non-current liabilities | 349 | 446 |
| Cash generated from (used in) operations | 57,561 | (377,094) |
| Interest received | 7,890 | 3,647 |
| Interest paid | (12,850) | (4,583) |
| Income tax paid | (152,172) | (92,183) |
| Net cash used in operating activities | (99,571) | (470,213) |

(Continued)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

| | For the Three Months Ended March 31 | |
|---|--|---------------------|
| | 2019 | 2018 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at FVTOCI | \$ - | \$ (38,319) |
| Acquisition of associates | (30,000) | - |
| Net cash outflow on acquisition of subsidiaries (Notes 31 and 32) | - | (7,327) |
| Payments for property, plant and equipment | (97,753) | (106,821) |
| Proceeds from disposal of property, plant and equipment | 42,998 | 23,674 |
| Payments for intangible assets | (1,337) | (1,924) |
| Increase in refundable deposits | (11,336) | (363) |
| Decrease in refundable deposits | 64 | 1,284 |
| Increase in other financial assets | (96,903) | (72,032) |
| Decrease in other financial assets | 2,970 | 62,918 |
| Increase in prepayments for equipment | (31,470) | (41,294) |
| Net cash used in investing activities | (222,767) | (180,204) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of convertible bonds | - | 2,919,500 |
| Payments for transaction costs attributable to issue of debt instruments | - | (27,221) |
| Proceeds from short-term borrowings | 34,621 | - |
| Repayments from short-term borrowings | - | (630,116) |
| Repayments of long-term borrowings | (3,992) | (148,240) |
| Refund of guarantee deposits received | (827) | (376) |
| Repayment of the principal portion of lease liabilities | (56,285) | - |
| Proceeds from issuance of common stock for cash | - | 630,000 |
| Net cash (used in) generated from financing activities | (26,483) | 2,743,547 |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>63,294</u> | <u>111,861</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (285,527) | 2,204,991 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <u>3,560,272</u> | <u>1,684,418</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>\$ 3,274,745</u> | <u>\$ 3,889,409</u> |

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

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

BizLink Holding Inc. (“BizLink”) was incorporated in the Cayman Islands in June 2000. The major operating activities of BizLink include designing, manufacturing and selling cable assemblies, connectors, power cords, fiber optical passive components and computer peripheral products.

BizLink’s stocks have been listed on the Taiwan Stock Exchange since April 2011.

The functional currency of BizLink is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since BizLink’s stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of BizLink and its subsidiaries, collectively referred to as the “Company”, were approved by BizLink’s board of directors on May 10, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company’s accounting policies:

1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in mainland China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. Except for the following practical expedient (b) which is applied, the Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

- a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Company adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.
- c) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 4.24%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

| | |
|---|-------------------|
| The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018 | <u>\$ 591,486</u> |
| Undiscounted amounts on January 1, 2019 | <u>\$ 591,486</u> |
| Discounted amounts using the incremental borrowing rate on January 1, 2019 | \$ 504,934 |
| Add (Less): Adjustments as a result of a different treatment of extension and termination options | <u>306,997</u> |
| Lease liabilities recognized on January 1, 2019 | <u>\$ 811,931</u> |

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The Company subleased its leasehold buildings to a third party from June 2017 to March 2019. Such sublease was classified as an operating lease under IAS 17. The Company determines the sublease is classified as a finance lease on the basis of the remaining contractual terms and conditions of the head lease and sublease on January 1, 2019, and the Company accounts for the sublease as a new finance lease entered into at that date.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

| | As Originally Stated on January 1, 2019 | Adjustments Arising from Initial Application | Restated on January 1, 2019 |
|--------------------------------------|--|---|--|
| Prepayments | \$ 178,345 | \$ (1,326) | \$ 177,019 |
| Prepayments for leases - non-current | 36,728 | (36,728) | - |
| Right-of-use assets | <u>-</u> | <u>849,985</u> | <u>849,985</u> |
| Total effect on assets | <u>\$ 215,073</u> | <u>\$ 811,931</u> | <u>\$ 1,027,004</u> |
| Lease liabilities - current | \$ - | \$ 227,806 | \$ 227,806 |
| Lease liabilities - non-current | <u>-</u> | <u>584,125</u> | <u>584,125</u> |
| Finance lease payables - non-current | | | |
| Total effect on liabilities | <u>\$ -</u> | <u>\$ 811,931</u> | <u>\$ 811,931</u> |

Had the Company applied the prior year's accounting policies in the current year, the following adjustments should have been made to reflect the line items and balances under the above New IFRSs.

Impact on assets, liabilities and equity for the current period

March 31, 2019

| | |
|---|---------------------|
| Decrease in right-of-use assets | \$ (902,498) |
| Increase in prepayments | 1,258 |
| Increase in Prepayments for leases | <u>37,255</u> |
| Decrease in assets | <u>\$ (863,985)</u> |
| Decrease in lease liabilities-current | \$ (243,358) |
| Decrease in lease liabilities-non current | <u>(627,770)</u> |
| Decrease in liabilities | <u>\$ (871,128)</u> |
| Increase (decrease) in retained earnings | \$ 7,412 |
| Increase (decrease) in other equity | (302) |
| Increase in non-controlling interests | <u>33</u> |
| Increase in equity | <u>\$ 7,143</u> |

Impact on total comprehensive income for the current period

**For the Three
Months Ended
March 31, 2019**

| | |
|--|-----------------|
| Increase in operating costs | \$ (1,130) |
| Increase in operating expenses | (1,219) |
| Decrease in financial cost | <u>9,794</u> |
| Increase in net profit for the period | 7,445 |
| Items that will not be reclassified subsequently to profit or loss: | |
| Increase in exchange differences on translation to the presentation currency | 556 |
| Items that may be reclassified subsequently to profit or loss: | |
| Decrease in exchange differences on translating foreign operations | <u>(858)</u> |
| Increase in total comprehensive income for the period | <u>\$ 7,143</u> |
| Impact on earnings per share: | |
| Increase in basic earnings per share | <u>\$ 0.06</u> |
| Increase in diluted earnings per share | <u>\$ 0.06</u> |

Impact on cash flows for current period

**For the Three
Months Ended
March 31, 2019**

| | |
|--|---------------|
| Net increase in cash outflow from operating activities | \$ (56,285) |
| Net decrease in cash outflow from financing activities | <u>56,285</u> |
| Net increase in cash and cash equivalents | <u>\$ -</u> |

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

| New IFRSs | Effective Date Announced by IASB (Note 1) |
|--|--|
| Amendments to IFRS 3 “Definition of a Business” | January 1, 2020 (Note 2) |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2021 |
| Amendments to IAS 1 and IAS 8 “Definition of Material” | January 1, 2020 (Note 3) |

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e. the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e. the Company’s share of the gain or loss is eliminated.

2) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the BizLink and the entities controlled by BizLink (i.e. its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by BizLink.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policy

Except for the accounting policies for lease and the explanations below, refer to the Company's consolidated financial statements for the year ended December 31, 2018 for the summary of significant accounting policies which are followed in these consolidated financial statements.

1) Leases

2019

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Lease incentives included in an operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis. Lease incentives included in a finance lease are recognized as a reduction of minimum lease payments.

b) The Company as lessee

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

c) Leasehold land for own use

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) Retirement benefits

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

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the explanations below, the same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2018.

Lease Terms - 2019

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occur.

6. CASH AND CASH EQUIVALENTS

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|---------------------|----------------------|---------------------|
| Cash on hand | \$ 943 | \$ 715 | \$ 1,096 |
| Checking accounts and demand deposits | 2,574,670 | 3,173,221 | 2,577,717 |
| Cash equivalents (investments with original maturities of less than 3 months) | | | |
| Time deposits | 690,906 | 381,431 | 1,310,596 |
| Bank acceptances | <u>8,226</u> | <u>4,905</u> | <u>-</u> |
| | <u>\$ 3,274,745</u> | <u>\$ 3,560,272</u> | <u>\$ 3,889,409</u> |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|------------------|----------------------|------------------|
| <u>Financial assets at FVTPL - current</u> | | | |
| Financial assets mandatorily at FVTPL | | | |
| Derivative financial assets (not under hedge accounting) | | | |
| Foreign exchange forward contracts | \$ 10,251 | \$ 2,665 | \$ 14,390 |
| Convertible bond options (Note 21) | 616 | - | - |
| Non-derivative financial assets | | | |
| Domestic and foreign listed stocks | <u>2,298</u> | <u>2,010</u> | <u>1,997</u> |
| | <u>\$ 13,165</u> | <u>\$ 4,675</u> | <u>\$ 16,387</u> |
| <u>Financial liabilities at FVTPL - current</u> | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities (not under hedge accounting) | | | |
| Convertible bond options (Note 21) | \$ - | \$ 6,450 | \$ 14,284 |
| Foreign exchange forward contracts | <u>1,480</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,480</u> | <u>\$ 6,450</u> | <u>\$ 14,284</u> |

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

| | Currency | Maturity Date | Notional Amount (In Thousands) |
|--------------------------|----------|-----------------|-----------------------------------|
| <u>March 31, 2019</u> | | | |
| Sell | USD/RMB | 2019.04-2020.01 | USD40,111/RMB270,099 |
| Sell | EUR/RMB | 2019.04-2020.01 | EUR4,599/RMB36,795 |
| <u>December 31, 2018</u> | | | |
| Sell | USD/RMB | 2019.01-2019.02 | USD10,000/RMB69,278 |
| <u>March 31, 2018</u> | | | |
| Sell | USD/RMB | 2018.04-2018.06 | US\$39,000/RMB248,030 |

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in Equity Instruments at FVTOCI

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|----------------|----------------------|----------------|
| <u>Non-current</u> | | | |
| Domestic and foreign equity instruments | | | |
| Unlisted stocks | \$ 452,761 | \$ 382,626 | \$ 298,890 |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In January and March 2018, the Company acquired domestic and foreign unlisted stocks at \$49,033 thousand for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|---------------------|----------------------|---------------------|
| <u>Notes receivable and trade receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 30,139 | \$ 69,267 | \$ 144,606 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 30,139</u> | <u>\$ 69,267</u> | <u>\$ 144,606</u> |
| Notes receivable - operating | <u>\$ 30,139</u> | <u>\$ 69,267</u> | <u>\$ 144,606</u> |
| <u>Trade receivables</u> | | | |
| At amortized cost | | | |
| Gross carrying amount | \$ 4,983,862 | \$ 5,118,249 | \$ 4,072,294 |
| Less: Allowance for impairment loss | <u>(53,853)</u> | <u>(49,026)</u> | <u>(50,538)</u> |
| | <u>\$ 4,930,009</u> | <u>\$ 5,069,223</u> | <u>\$ 4,021,756</u> |
| <u>Other receivables</u> | | | |
| Tax refund receivables | \$ 77,194 | \$ 86,134 | \$ 153,024 |
| Others | <u>14,540</u> | <u>18,833</u> | <u>34,516</u> |
| | <u>\$ 91,734</u> | <u>\$ 104,967</u> | <u>\$ 187,540</u> |

a. Notes receivable

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for all notes receivable. The expected credit losses on notes receivable are referred by past default experience of the debtor and general economic conditions of the industry. As of March 31, 2019, December 31, 2018 and March 31, 2018, the Company has no need to recognized expected credit loss on notes receivable.

The aging of receivables was as follows:

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|-----------------|------------------|----------------------|-------------------|
| Up to 60 days | \$ 9,705 | \$ 30,958 | \$ 81,299 |
| 61 to 90 days | 3,441 | 12,275 | 314 |
| 91 to 120 days | 4,644 | 7,074 | 19,174 |
| 121 to 365 days | <u>12,349</u> | <u>18,960</u> | <u>43,819</u> |
| | <u>\$ 30,139</u> | <u>\$ 69,267</u> | <u>\$ 144,606</u> |

The above aging schedule was based on the number of past due days from the invoice date.

b. Trade receivables

At amortized cost

The average credit period on the sale of goods was 0 to 120 days after the end of the month in which sales occur. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to the recognition of allowances for expected credit losses during the reporting period prescribed by IFRS 9, which permits the use of a lifetime expected losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Company's customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's allowance matrix.

March 31, 2019

| | Not Past Due | Less than and Including 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|---------------------------------|------------------|------------------|------------------|-----------------|---------------------|
| Expected credit loss rate | 0.14% | 2.24% | 9.71% | 15.87% | 23.00% | 100% | |
| Gross carrying amount | \$ 4,596,989 | \$ 263,813 | \$ 36,012 | \$ 21,615 | \$ 40,186 | \$ 25,247 | \$ 4,983,862 |
| Loss allowance (lifetime ECLs) | <u>(6,517)</u> | <u>(5,916)</u> | <u>(3,498)</u> | <u>(3,431)</u> | <u>(9,244)</u> | <u>(25,247)</u> | <u>(53,853)</u> |
| Amortized cost | <u>\$ 4,590,472</u> | <u>\$ 257,897</u> | <u>\$ 32,514</u> | <u>\$ 18,184</u> | <u>\$ 30,942</u> | <u>\$ -</u> | <u>\$ 4,930,009</u> |

December 31, 2018

| | Not Past Due | Less than and Including 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|---------------------------------|------------------|------------------|------------------|-----------------|---------------------|
| Expected credit loss rate | 0.06% | 1.67% | 10.34% | 16.61% | 22.09% | 100% | |
| Gross carrying amount | \$ 4,447,856 | \$ 588,827 | \$ 25,422 | \$ 12,002 | \$ 15,884 | \$ 28,258 | \$ 5,118,249 |
| Loss allowance (lifetime ECLs) | <u>(2,800)</u> | <u>(9,837)</u> | <u>(2,628)</u> | <u>(1,994)</u> | <u>(3,509)</u> | <u>(28,258)</u> | <u>(49,026)</u> |
| Amortized cost | <u>\$ 4,445,056</u> | <u>\$ 578,990</u> | <u>\$ 22,794</u> | <u>\$ 10,008</u> | <u>\$ 12,375</u> | <u>\$ -</u> | <u>\$ 5,069,223</u> |

March 31, 2018

| | Not Past Due | Less than and Including 60 Days | 61 to 90 Days | 91 to 120 Days | 121 to 365 Days | Over 365 Days | Total |
|--------------------------------|---------------------|---------------------------------|------------------|------------------|------------------|-----------------|---------------------|
| Expected credit loss rate | 0.03% | 0.57% | 4.72% | 5.90% | 29.32% | 100% | |
| Gross carrying amount | \$ 3,532,496 | \$ 420,286 | \$ 17,483 | \$ 12,769 | \$ 62,086 | \$ 27,174 | \$ 4,072,294 |
| Loss allowance (lifetime ECLs) | <u>(1,202)</u> | <u>(2,378)</u> | <u>(826)</u> | <u>(753)</u> | <u>(18,205)</u> | <u>(27,174)</u> | <u>(50,538)</u> |
| Amortized cost | <u>\$ 3,531,294</u> | <u>\$ 417,908</u> | <u>\$ 16,657</u> | <u>\$ 12,016</u> | <u>\$ 43,881</u> | <u>\$ -</u> | <u>\$ 4,021,756</u> |

The movements of the loss allowance of trade receivables were as follows:

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 49,026 | \$ 53,494 |
| Add: Net remeasurement of loss allowance | 4,683 | - |
| Less: Net impairment loss reversed | - | (2,126) |
| Foreign exchange gains and losses | <u>144</u> | <u>(830)</u> |
| Balance at March 31 | <u>\$ 53,853</u> | <u>\$ 50,538</u> |

c. Other receivables

Other receivables consisted of interest receivable and tax refund receivable. The Company applied the policy only with good credit traders. The Company continued to trace and refer to past default experience of counterparties and analyzed their current financial position in order to evaluate whether there was a significant increase in credit risk or expected credit loss. As of March 31, 2019, December 31, 2018 and March 31, 2018, the Company did not need to recognize expected credit loss on other receivables.

10. INVENTORIES

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--------------------------------|---------------------|----------------------|---------------------|
| Raw materials | \$ 1,236,730 | \$ 1,400,452 | \$ 1,189,297 |
| Work in progress | 216,436 | 249,325 | 265,876 |
| Finished goods and merchandise | <u>2,705,259</u> | <u>2,807,379</u> | <u>2,347,725</u> |
| | <u>\$ 4,158,425</u> | <u>\$ 4,457,156</u> | <u>\$ 3,802,898</u> |

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2019 and 2018 was NT\$4,206,689 thousand and NT\$3,798,362 thousand, respectively. The cost of goods sold included write-down of inventories of NT\$17,979 thousand and NT\$33,388 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

| Investor | Investee | Nature of Activities | % of Ownership | | | Remark |
|----------------------|---------------------------------------|---|-------------------|----------------------|-------------------|--------------|
| | | | March 31, 2019 | December 31, 2018 | March 31, 2018 | |
| BizLink Holding Inc. | BizLink Technology Inc. | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| | OW Holding Inc. OptiWorks, Inc. | Various investment activities. (1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities. | 90.58 - | 90.58 - | 89.29 - | a and b a |
| | BizLink (BVI) Corp. | (1) Wholesale and retail of cable assemblies, connectors, power cords, (2) wholesale and retail of computer peripheral products and electronic materials, (3) international trade, and (4) various investment activities. | 100.00 | 100.00 | 100.00 | |
| | BizLink International Corp. | (1) Wholesale of cable assemblies, connectors and power cords, (2) international trade, and (3) financial center for BizLink's Asian operations. | 100.00 | 100.00 | 100.00 | |
| | Zellwood International Corp. | Various investment activities. | 100.00 | 100.00 | 100.00 | |
| | BizLink Technology (S.E.A.) Sdn. Bhd. | (1) Design, manufacture and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| | Adel Enterprises Corp. | (1) Wholesale and retail of cable assemblies, connectors, and power cords, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| | BizLink Tech Inc. | (1) Design, manufacture, and sale of cable assemblies, (2) wholesale and retail of computer peripheral products and electronic materials, (3) production of fiberfill moldings, and (4) international business trade. | 100.00 | 100.00 | 100.00 | |

(Continued)

| Investor | Investee | Nature of Activities | % of Ownership | | | Remark |
|-------------------------------------|--|--|----------------|-------------------|----------------|--------|
| | | | March 31, 2019 | December 31, 2018 | March 31, 2018 | |
| | Accell Corp. | (1) Wholesale and retail of brand name connectors, cables and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) its own brand name. | 100.00 | 100.00 | 100.00 | |
| | BizLink Technology (Ireland) Ltd. | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| | BizLink Japan | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| | Bizwide Limited | Various investment activities. | 100.00 | 100.00 | 100.00 | |
| | Bizconn Technology Inc. | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | c |
| | EA Cable Assemblies (Hong Kong) Co., Limited | Various investment activities. | 100.00 | 100.00 | 100.00 | |
| | EA Cable Assemblies GmbH | (1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade. | 100.00 | 100.00 | 100.00 | |
| | BizLink Technology (Belgium) NV | (1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade. | 100.00 | 100.00 | 100.00 | |
| | BizLink Technology (Slovakia) S.R.O. | (1) Manufacture and assembly of cable harnesses for electrical appliance, and (2) wholesale and retail of cable assemblies and power cords. | 100.00 | 100.00 | 100.00 | d |
| BizLink Technology Inc. | Bobt, LLC | Various leasing activities. | 100.00 | 100.00 | 100.00 | |
| OW Holding Inc. | OptiWorks, Inc. | (1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities. | 100.00 | 100.00 | 100.00 | a |
| OptiWorks, Inc. | OptiWorks (Shanghai) Limited | (1) Manufacture, wholesale and retail of fiber optical passive components and fiber optical cables, and (2) international trade. | 100.00 | 100.00 | 100.00 | |
| | OptiWorks (Kunshan) Limited | (1) Production and development of optical communications optoelectronic devices, components and modules, and (2) sale of own products. | 100.00 | 100.00 | 100.00 | |
| BizLink (BVI) Corp. | Hwa Zhan Electronics Corp. (Shen Zhen) | Production and operations of computers and communications cables, connectors and fiber jumpers. | 100.00 | 100.00 | 100.00 | |
| | Jo Yeh Company Limited | (1) Wholesale and retail of connectors, and (2) international trade. | 100.00 | 100.00 | 100.00 | |
| Jo Yeh Company Limited | Foshan Nanhai Jo Yeh Electronic Co., Ltd. | Production and operations of electrical appliances, electronic equipment, and plug-in connectors. | 100.00 | 100.00 | 100.00 | |
| Zellwood International Corp. | Bizconn International Corp. (Samoa) | Various investment activities. | 100.00 | 100.00 | 100.00 | |
| | BizLink (Kun Shan) Co., Ltd. | Design, manufacture and sale of cable assemblies, connectors and power cords. | 100.00 | 100.00 | 100.00 | |
| | Teralux Technology Co., Ltd. | Research, manufacture and retail of optical and optoelectronic device technology | 100.00 | 100.00 | - | e |
| Bizconn International Corp. (Samoa) | Bizconn International Corp. (China) | Design, manufacture, sale and assembly of connectors, tooling and cable assemblies. | 100.00 | 100.00 | 100.00 | |

(Continued)

| Investor | Investee | Nature of Activities | % of Ownership | | | Remark |
|--|---|---|----------------|-------------------|----------------|--------|
| | | | March 31, 2019 | December 31, 2018 | March 31, 2018 | |
| Adel Enterprise Corp. | BizLink Electronics (Xiamen) Co., Ltd. | Manufacture and assembly of power cords and cables. | 100.00 | 100.00 | 100.00 | |
| Asia Wick Ltd. | Asia Wick Ltd. | Various investment activities. | 100.00 | 100.00 | 100.00 | |
| | TongYing Electronics (Shen Zhen) Ltd. | Manufacture of wire extrusions and cable assemblies. | 100.00 | 100.00 | 100.00 | |
| Bizwide Limited | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | Design, manufacture and sale of cable assemblies, power cords, and connectors. | 100.00 | 100.00 | 100.00 | |
| BizLink Technology (S.E.A.) Sdn. Bhd. | BizLink Interconnect Technology (India) Private Limited | (1) Design, manufacture, and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 100.00 | 100.00 | 100.00 | |
| BizLink Technology (Slovakia) S.R.O. | BizLink Technology SRB D.O.O. | (1) Manufacture and assembly of connectors and cable assemblies, and (2) wholesale and retail of cable assemblies, connectors and power cords. | 100.00 | 100.00 | 100.00 | |
| EA Cable Assemblies (Hong Kong) Co., Limited | BizLink Technology (Chang Zhou) Limited | (1) Manufacture of smart instrumentational sensors, instrumentational connectors and instrumentational functional materials, (2) sale of own products, and (3) import and export business. | 100.00 | 100.00 | 100.00 | |
| | BizLink Technology (Xiamen) Limited | (1) Manufacture of smart instrumentational sensors, instrumentational connectors, and instrumentational functional materials, (2) sale of own products, and (3) import and export business. | 100.00 | 100.00 | 100.00 | |

(Concluded)

Note a: On January 12, 2018, BizLink's board of directors resolved to acquire a 100%-equity interest in OW Holding Inc. by assigning 100%-equity interest of Optiworks, Inc. to OW Holding Inc.

Note b: OW Holding Inc. issued stocks in February 2018 to obtain intangible assets, which reduced BizLink's percentage of ownership to 89.29%. In addition, the non-controlling interest of the Company did not participate in the issuance of common stock for cash in June 2018 according to the original stockholding ratio. The stockholding ratio increased from 89.29% to 90.58%.

Note c: Bizconn Technology Inc. is not yet in operation.

Note d: As of November 2018, the Company paid capital to BizLink Technology (Slovakia) S.R.O. by assigning a monetary claim EUR13,271 thousand.

Note e: Teralux Technology Co., Ltd. was acquired in November 2018.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|------------------|-------------------|------------------|
| Associates that are not individually material | <u>\$ 41,562</u> | <u>\$ 12,584</u> | <u>\$ 17,892</u> |

At the end of reporting period, the interest share and percentage of voting right held by the Company were as follows:

| Name of Associates | December 31, | | |
|--------------------|----------------|------|----------------|
| | March 31, 2019 | 2018 | March 31, 2018 |
| Siriustek Inc. | 40% | 40% | 40% |
| AcqOptics Corp. | 22.78% | - | - |

Refer to Table 7 for the nature of activities, principal places of business and countries of incorporation of the associates.

In October of 2017, the Company subscribed stocks of Siriustek Inc. through a private placement for cash of 20,000 thousand; after the subscription, the Company's percentage of ownership in Siriustek Inc. was 40% and the Company was able to exercise significant influence over Siriustek Inc. Included in the cost of investment in associates was goodwill of NT\$6,991 thousand recognized from the acquisition of Siriustek Inc.

In March of 2019, the Company subscribed stocks of AcqOptics through a private placement for cash of 30,000 thousand; after the subscription, the Company's percentage of ownership in AcqOptics was 22.78% and the Company was able to exercise significant influence over AcqOptics Corp. Included in the cost of investment in associates was goodwill of NT\$12,394 thousand recognized from the acquisition of AcqOptics Corp.

For the three months ended March 31, 2019 and 2018, investments were accounted for using the equity method, the share of profit or loss and other comprehensive income of the investment were calculated based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Siriustek Inc. and AcqOptics Corp. that have not been reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land | Buildings | Machinery and Equipment | Transportation | Other Equipment | Total |
|---|-------------------|-------------------|-------------------------|------------------|-------------------|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2019 | \$ 351,825 | \$ 819,028 | \$ 2,362,298 | \$ 20,314 | \$ 629,526 | \$ 4,182,991 |
| Additions | - | 799 | 41,814 | 1,169 | 53,971 | 97,753 |
| Disposals | - | (13,595) | (44,504) | - | (8,195) | (66,294) |
| Reclassifications (a) | - | 404 | 16,295 | - | 321 | 17,020 |
| Effect of foreign currency exchange differences | 444 | 8,914 | 39,859 | 433 | 5,815 | 55,465 |
| Balance at March 31, 2019 | <u>\$ 352,269</u> | <u>\$ 815,550</u> | <u>\$ 2,415,762</u> | <u>\$ 21,916</u> | <u>\$ 681,438</u> | <u>\$ 4,286,935</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2019 | \$ - | \$ 261,635 | \$ 1,324,148 | \$ 13,732 | \$ 361,790 | \$ 1,961,305 |
| Disposals | - | (13,595) | (12,734) | - | (727) | (27,056) |
| Depreciation expense | - | 9,738 | 46,407 | 546 | 28,632 | 85,323 |
| Effect of foreign currency exchange differences | - | 4,746 | 26,300 | 285 | 4,439 | 35,770 |
| Balance at March 31, 2019 | <u>\$ -</u> | <u>\$ 262,524</u> | <u>\$ 1,384,121</u> | <u>\$ 14,563</u> | <u>\$ 394,134</u> | <u>\$ 2,055,342</u> |
| Carrying amounts at March 31, 2019 | <u>\$ 352,269</u> | <u>\$ 553,026</u> | <u>\$ 1,031,641</u> | <u>\$ 7,353</u> | <u>\$ 287,304</u> | <u>\$ 2,231,593</u> |
| Carrying amounts at December 31, 2018 and January 1, 2019 | <u>\$ 351,825</u> | <u>\$ 557,393</u> | <u>\$ 1,038,150</u> | <u>\$ 6,582</u> | <u>\$ 267,736</u> | <u>\$ 2,221,686</u> |
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2018 | \$ 347,784 | \$ 777,593 | \$ 2,098,776 | \$ 20,322 | \$ 556,023 | \$ 3,800,498 |
| Additions | - | 3,737 | 79,741 | - | 23,343 | 106,821 |
| Disposals | - | - | (56,809) | - | (6,055) | (62,864) |
| Reclassifications (b) | - | 22 | 17,187 | - | 1,300 | 18,509 |
| Effect of foreign currency exchange differences | (2,616) | 5,585 | 11,215 | 290 | 5,372 | 19,846 |
| Balance at March 31, 2018 | <u>\$ 345,168</u> | <u>\$ 786,937</u> | <u>\$ 2,150,110</u> | <u>\$ 20,612</u> | <u>\$ 579,983</u> | <u>\$ 3,882,810</u> |

(Continued)

| | Freehold Land | Buildings | Machinery and Equipment | Transportation | Other Equipment | Total |
|---|-------------------|-------------------|-------------------------|------------------|-------------------|---------------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2018 | \$ - | \$ 217,176 | \$ 1,184,781 | \$ 12,106 | \$ 299,393 | \$ 1,713,456 |
| Disposals | - | - | (28,325) | - | (5,629) | (33,954) |
| Depreciation expense | - | 8,289 | 39,018 | 575 | 30,160 | 78,042 |
| Effect of foreign currency exchange differences | - | 9,482 | (325) | 171 | 3,215 | 12,543 |
| Balance at March 31, 2018 | <u>\$ -</u> | <u>\$ 234,947</u> | <u>\$ 1,195,149</u> | <u>\$ 12,852</u> | <u>\$ 327,139</u> | <u>\$ 1,770,087</u> |
| Carrying amounts at March 31, 2018 | <u>\$ 345,168</u> | <u>\$ 551,990</u> | <u>\$ 954,961</u> | <u>\$ 7,760</u> | <u>\$ 252,844</u> | <u>\$ 2,112,723</u> |

(Concluded)

- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$84 thousand and \$16,936 thousand, respectively.
- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$13,073 thousand and \$5,436 thousand, respectively.

No impairment assessments were performed for the three months ended March 31, 2019 and 2018 as there were no indications of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|---------------------------|-------------|
| Buildings | |
| Main buildings | 20-55 years |
| Construction appurtenance | 2-20 years |
| Machinery and equipment | 2-23 years |
| Transportation | 2-10 years |
| Other equipment | 2-10 years |

Refer to Note 36 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted.

14. LEASE ARRANGEMENTS

- Right-of-use assets - 2019

March 31, 2019

Carrying amounts

| | |
|--------------------------|-------------------|
| Land | \$ 38,513 |
| Buildings | 840,020 |
| Transportation equipment | 21,036 |
| Other equipment | <u>2,929</u> |
| | <u>\$ 902,498</u> |

**For the Three
Months Ended
March 31, 2019**

| | |
|---|-------------------|
| Additions to right-of-use assets | <u>\$ 102,240</u> |
| Depreciation charge for right-of-use assets | |
| Land | \$ 308 |
| Buildings | 60,598 |
| Transportation equipment | 2,537 |
| Other equipment | <u>287</u> |
| | <u>\$ 63,730</u> |
| Income from the subleasing of right-of-use assets (presented in other income) | <u>\$ (3,415)</u> |

b. Lease liabilities - 2019

March 31, 2019

Carrying amounts

| | |
|-------------|-------------------|
| Current | <u>\$ 243,358</u> |
| Non-current | <u>\$ 627,770</u> |

Range of discount rate for lease liabilities was as follows:

March 31, 2019

| | |
|--------------------------|-------------|
| Buildings | 2.80%-6.76% |
| Transportation equipment | 2.49%-4.59% |
| Other equipment | 4.25%-4.74% |

c. Material lease-in activities and terms

The Company leases buildings for the use of plants and offices with lease terms of 1 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Subleases

The sublease transactions are set out below.

Sublease of right-of-use assets - 2019

The Company subleases its right-of-use assets for building under operating leases with lease terms between 1 to 5 years and with an option to extend for an additional years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend.

The maturity analysis of lease payments receivable under operating subleases was as follows:

| | March 31, 2019 |
|--------|-------------------------|
| Year 1 | \$ 8,888 |
| Year 2 | 5,589 |
| Year 3 | 5,589 |
| Year 4 | <u>1,397</u> |
| | <u>\$ 21,463</u> |

To reduce the residual asset risk related to the subleased buildings at the end of the relevant lease, the Company follows its general risk management strategy.

Sublease of lease arrangements under operating leases - 2018

The total future minimum sublease payments expected to be received under non-cancellable subleases at December 31, 2018 and March 31, 2018 were \$23,534 thousand and \$15,845 thousand, respectively.

e. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

2019

| | For the Three Months Ended March 31, 2019 |
|---|--|
| Expenses relating to short-term leases | <u>\$ 4,521</u> |
| Expenses relating to low-value asset leases | <u>\$ 1,148</u> |
| Total cash outflow for leases | <u>\$ (71,748)</u> |

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

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

| | December 31, 2018 | March 31, 2018 |
|--|------------------------------|--------------------------|
| Not later than 1 year | \$ 223,541 | \$ 195,473 |
| Later than 1 year and not later than 5 years | 300,830 | 399,653 |
| Later than 5 years | <u>67,115</u> | <u>94,554</u> |
| | <u>\$ 591,486</u> | <u>\$ 689,680</u> |

The lease payments and sublease payments recognized in profit or loss were as follows:

**For the Three
Months Ended
March 31, 2018**

| | |
|------------------------|------------------|
| Minimum lease payments | <u>\$ 48,212</u> |
|------------------------|------------------|

15. INVESTMENT PROPERTIES

| | Freehold Land | Building | Total |
|--|------------------|-------------------|-------------------|
| <u>Cost</u> | | | |
| Balance at January 1, 2019 | \$ 92,754 | \$ 153,836 | \$ 246,590 |
| Effect of foreign currency exchange differences | <u>142</u> | <u>351</u> | <u>493</u> |
| Balance at March 31, 2019 | <u>\$ 92,896</u> | <u>\$ 154,187</u> | <u>\$ 247,083</u> |
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2019 | \$ - | \$ 41,203 | \$ 41,203 |
| Depreciation expense | - | 939 | 939 |
| Effect of foreign currency exchange differences | <u>-</u> | <u>85</u> | <u>85</u> |
| Balance at March 31, 2019 | <u>\$ -</u> | <u>\$ 42,227</u> | <u>\$ 42,227</u> |
| Balance at March 31, 2019 | <u>\$ 92,896</u> | <u>\$ 111,960</u> | <u>\$ 204,856</u> |
| Carrying amounts at December 31, 2018 and January 1, 2019 | <u>\$ 92,754</u> | <u>\$ 112,633</u> | <u>\$ 205,387</u> |
| <u>Cost</u> | | | |
| Balance at January 1, 2018 | \$ 91,460 | \$ 150,637 | \$ 242,097 |
| Effect of foreign currency exchange differences | <u>(835)</u> | <u>(2,050)</u> | <u>(2,885)</u> |
| Balance at March 31, 2018 | <u>\$ 90,625</u> | <u>\$ 148,587</u> | <u>\$ 239,212</u> |
| <u>Accumulated depreciation and impairment</u> | | | |
| Balance at January 1, 2018 | \$ - | \$ 36,760 | \$ 36,760 |
| Depreciation expense | - | 906 | 906 |
| Effect of foreign currency exchange differences | <u>-</u> | <u>(451)</u> | <u>(451)</u> |
| Balance at March 31, 2018 | <u>\$ -</u> | <u>\$ 37,215</u> | <u>\$ 37,215</u> |
| Balance at March 31, 2018 | <u>\$ 90,625</u> | <u>\$ 111,372</u> | <u>\$ 201,997</u> |

The investment properties were leased out for 2 to 5 years, with an option to extend for an additional 3 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of March 31, 2019 was as follows:

| | March 31, 2019 |
|--------|-----------------------|
| Year 1 | \$ 18,146 |
| Year 2 | 14,880 |
| Year 3 | <u>8,652</u> |
| | <u>\$ 41,678</u> |

The future minimum lease payments of non-cancellable operating lease commitments as of December 31 and March 31, 2018 were as follows:

| | December 31, 2018 | March 31, 2018 |
|--|------------------------------|-----------------------|
| Not later than 1 year | \$ 17,699 | \$ 12,998 |
| Later than 1 year and not later than 5 years | <u>27,741</u> | <u>35,362</u> |
| | <u>\$ 45,440</u> | <u>\$ 48,360</u> |

To reduce the residual asset risk related to subleased lands and buildings at the end of the relevant lease, the Company follows its general risk management strategy.

Investment properties were depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|----------------------------|-------------|
| Building | |
| Main buildings | 39-55 years |
| Construction appurtenances | 5-10 years |

For investment properties not valued by any independent valuer, the management of the Company used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|------------|-----------------------|------------------------------|-----------------------|
| Fair value | <u>\$ 289,612</u> | <u>\$ 296,364</u> | <u>\$ 276,889</u> |

The investment properties pledged as collateral for bank borrowings are set out in Note 36.

16. GOODWILL

| | For the Three Months Ended March 31 | |
|--|--|-------------------|
| | 2019 | 2018 |
| <u>Cost</u> | | |
| Balance at January 1 | \$ 393,855 | \$ 395,860 |
| Effects of foreign currency exchange differences | <u>(6,520)</u> | <u>3,681</u> |
| Balance at March 31 | <u>\$ 387,335</u> | <u>\$ 399,541</u> |
| <u>Accumulated impairment losses</u> | | |
| Balance at January 1 | \$ - | \$ - |
| Effects of foreign currency exchange differences | <u>-</u> | <u>-</u> |
| Balance at March 31 | <u>\$ -</u> | <u>\$ -</u> |
| Carrying amounts at January 1 | <u>\$ 393,855</u> | <u>\$ 395,860</u> |
| Carrying amounts at March 31 | <u>\$ 387,335</u> | <u>\$ 399,541</u> |

In January 2017, the board of directors resolved to acquire Leoni AG's Electrical Appliance Assemblies business group on May 2, 2017 and recognized goodwill of EUR11,129 and (translated into NT\$385,223 thousand on March 31, 2019). Any excess of the cost of acquisition over the Company's share of the net fair value of the obtained identifiable assets and liabilities is recognized as goodwill on the acquisition date with provisional prices determined based on the purchase pricing allocation report. The Company will conduct impairment tests on goodwill related to the identified cash generating units regularly in accordance with the recoverable amount based on a discounted cash flow analysis.

In July 2018, the board of directors resolved to acquire Teralux Technology Co., Ltd. and recognized goodwill of RMB 461 thousand (translated into NT\$2,112 thousand on March 31, 2019). Any excess of the cost of acquisition over the Company's stock of the net fair value of the obtained identifiable assets and liabilities is recognized as goodwill on the acquisition date with provisional prices determined based on the purchase pricing allocation report.

17. OTHER INTANGIBLE ASSETS

| | Patents | Computer Software | Trademarks | Customer Relationships | Core Technology | Total |
|---|------------------|------------------------------|-------------------|-----------------------------------|----------------------------|-------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2019 | \$ 62,415 | \$ 310,607 | \$ 63 | \$ 215,576 | \$ 211,852 | \$ 800,513 |
| Additions | - | 1,337 | - | - | - | 1,337 |
| Effect of foreign currency exchange differences | <u>945</u> | <u>3,978</u> | <u>-</u> | <u>1,363</u> | <u>2,035</u> | <u>8,321</u> |
| Balance at March 31, 2019 | <u>\$ 63,360</u> | <u>\$ 315,922</u> | <u>\$ 63</u> | <u>\$ 216,939</u> | <u>\$ 213,887</u> | <u>\$ 810,171</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2019 | \$ 20,634 | \$ 149,881 | \$ 63 | \$ 48,237 | \$ 53,585 | \$ 272,400 |
| Amortization expense | 2,394 | 10,339 | - | 7,731 | 8,634 | 29,098 |
| Effect of foreign currency exchange differences | <u>86</u> | <u>2,174</u> | <u>-</u> | <u>303</u> | <u>566</u> | <u>3,129</u> |
| Balance at March 31, 2019 | <u>\$ 23,114</u> | <u>\$ 162,394</u> | <u>\$ 63</u> | <u>\$ 56,271</u> | <u>\$ 62,785</u> | <u>\$ 304,627</u> |
| Carrying amounts at March 31, 2019 | <u>\$ 40,246</u> | <u>\$ 153,528</u> | <u>\$ -</u> | <u>\$ 160,668</u> | <u>\$ 151,102</u> | <u>\$ 505,544</u> |
| Carrying amounts at December 31, 208 and January 1, 2019 | <u>\$ 41,781</u> | <u>\$ 160,726</u> | <u>\$ -</u> | <u>\$ 167,339</u> | <u>\$ 158,267</u> | <u>\$ 528,113</u> |

(Continued)

| | Patents | Computer Software | Trademarks | Customer Relationships | Core Technology | Total |
|---|------------------|-------------------|--------------|------------------------|-------------------|-------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2018 | \$ 23,808 | \$ 241,885 | \$ 63 | \$ 174,197 | \$ 163,071 | \$ 603,024 |
| Additions | - | 1,924 | - | - | - | 1,924 |
| Acquisitions through business combinations | - | - | - | 41,910 | 48,944 | 90,854 |
| Reclassifications* | - | 1,348 | - | - | - | 1,348 |
| Disposals | - | (2,394) | - | - | - | (2,394) |
| Effect of foreign currency exchange differences | (488) | 2,536 | - | 1,973 | 1,897 | 5,918 |
| Balance at March 31, 2018 | <u>\$ 23,320</u> | <u>\$ 245,299</u> | <u>\$ 63</u> | <u>\$ 218,080</u> | <u>\$ 213,912</u> | <u>\$ 700,674</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2018 | \$ 17,596 | \$ 121,072 | \$ 58 | \$ 17,866 | \$ 19,766 | \$ 176,358 |
| Amortization expense | 440 | 7,504 | 2 | 7,789 | 8,679 | 24,414 |
| Effect of foreign currency exchange differences | (364) | 1,122 | - | 223 | 264 | 1,245 |
| Disposals | - | (2,241) | - | - | - | (2,241) |
| Balance at March 31, 2018 | <u>\$ 17,672</u> | <u>\$ 127,457</u> | <u>\$ 60</u> | <u>\$ 25,878</u> | <u>\$ 28,709</u> | <u>\$ 199,776</u> |
| Carrying amounts at March 31, 2018 | <u>\$ 5,648</u> | <u>\$ 117,842</u> | <u>\$ 3</u> | <u>\$ 192,202</u> | <u>\$ 185,203</u> | <u>\$ 500,898</u> |

(Concluded)

* Reclassifications of other non-current assets - prepayments for equipment to intangible assets amounted to \$1,348 thousand.

The above items of intangible assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|------------------------|----------------|
| Patents | 5 years |
| Computer software | 2-10 years |
| Trademarks | 10 years |
| Customer relationships | 6.5-10.4 years |
| Core technology | 5.5-10.4 years |

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2019 | 2018 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 10,787 | \$ 9,174 |
| Selling and marketing expenses | 6,668 | 6,895 |
| General and administrative expenses | 10,620 | 7,491 |
| Research and development expenses | <u>1,023</u> | <u>854</u> |
| | <u>\$ 29,098</u> | <u>\$ 24,414</u> |

18. PREPAYMENTS FOR LEASES

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|-----------------------|------------------------------|-----------------------|
| Current assets (included in prepayments) | \$ - | \$ 1,326 | \$ 1,178 |
| Non-current assets | <u>-</u> | <u>36,728</u> | <u>38,956</u> |
| | <u>\$ -</u> | <u>\$ 38,054</u> | <u>\$ 40,134</u> |

As of December 31, 2018 and March 31, 2018, prepaid lease payments included land use right with carrying amounts of \$38,054 thousand and \$40,134 thousand, respectively, which are located in mainland China.

19. OTHER ASSETS

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|-------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Prepayments (includes prepayments for leases) | \$ 157,607 | \$ 178,345 | \$ 175,368 |
| Others | <u>1,909</u> | <u>1,944</u> | <u>1,846</u> |
| | <u>\$ 159,516</u> | <u>\$ 180,289</u> | <u>\$ 177,214</u> |
| <u>Other financial assets - current</u> | | | |
| Time deposits with original maturities of more than 3 months | \$ - | \$ - | \$ 36,809 |
| Pledged bank demand and time deposits (Note 36) | <u>25,848</u> | <u>21,128</u> | <u>27,464</u> |
| | <u>\$ 25,848</u> | <u>\$ 21,128</u> | <u>\$ 64,273</u> |
| <u>Non-current</u> | | | |
| Prepayments for equipment | \$ 93,747 | \$ 78,948 | \$ 80,122 |
| Refundable deposits (Note 35) | <u>64,539</u> | <u>52,159</u> | <u>50,386</u> |
| | <u>\$ 158,286</u> | <u>\$ 131,107</u> | <u>\$ 130,508</u> |
| <u>Other financial assets - non-current</u> | | | |
| Time deposits with original maturities of more than 3 months | \$ 92,591 | \$ 12,447 | \$ 63,213 |
| Pledged bank deposits (Note 36) | <u>180,898</u> | <u>170,805</u> | <u>145,750</u> |
| | <u>\$ 273,489</u> | <u>\$ 183,252</u> | <u>\$ 208,963</u> |

20. BORROWINGS

a. Short-term borrowings

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|-------------------------------------|------------------|----------------------|-------------------|
| <u>Secured borrowings (Note 36)</u> | | | |
| Bank loans | \$ 64,500 | \$ 64,500 | \$ 64,500 |
| <u>Unsecured borrowings</u> | | | |
| Line of credit borrowings | <u>34,610</u> | <u>-</u> | <u>197,446</u> |
| | <u>\$ 99,110</u> | <u>\$ 64,500</u> | <u>\$ 261,946</u> |

The range of interest rate on bank loans was 1.04%-1.69%, 1.04%-1.20% and 0.34%-1.30% per annum as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

b. Long-term borrowings and current portion of long-term borrowings

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|-------------------|----------------------|-------------------|
| <u>Secured borrowings (Note 36)</u> | | | |
| Bank loans | \$ 375,568 | \$ 379,061 | \$ 376,683 |
| Less: Current portion (due in one year) | <u>(41,010)</u> | <u>(37,713)</u> | <u>(12,323)</u> |
| Long-term borrowings | <u>\$ 334,558</u> | <u>\$ 341,348</u> | <u>\$ 364,360</u> |

In February 2016 and May 2014, the long-term secured borrowings were provided with collateral in the form of freehold land and buildings valued at \$237,980 thousand and US\$5,800 thousand, respectively. Such loans are due in January 2026 and May 2021, respectively. As of March 31, 2019, December 31, 2018 and March 31, 2018, the annual effective interest rate was 1.23%-4.46%, 1.41%-4.32% and 1.41%-3.12%, respectively, per annum.

21. BONDS PAYABLE AND CURRENT PORTION OF LONG - TERM BORROWINGS

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|-------------------------------------|--------------------|----------------------|---------------------|
| Overseas unsecured bonds' par value | \$ 3,082,000 | \$ 3,071,500 | \$ 2,915,000 |
| Less: Unamortized bond discount | (169,776) | (179,902) | (200,991) |
| Less: Current portion | <u>(2,912,224)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ -</u> | <u>\$ 2,891,598</u> | <u>\$ 2,714,009</u> |

On February 1, 2018, BizLink issued the second five-year unsecured, zero-coupon overseas convertible bonds with a US\$250 thousand par value, at an aggregate principal amount of US\$100,000 thousand.

The following items are the primary clauses in the prospectus:

a. Term

From February 1, 2018 to February 1, 2023.

b. Conversion

Conversion period

Unless previously converted, redeemed or repurchased and cancelled, the bonds may be converted into fully paid common stock at the option of the bondholders at any time, from three months after the issue date (excluding the issue date) until 10 days before the maturity date.

Conversion price and adjustments

The price used by BizLink in determining the number of common stocks to be issued upon conversion is initially NT\$320 per share with a fixed exchange rate applicable on conversion of the bonds of NT\$29.075=US\$1.00. The conversion price will be subject to adjustment, according to a formula stated in the prospectus, due to any change in the issuance of common stocks. The conversion price as of March 31, 2019 was NT\$309.34 per share.

c. Bondholders' put rights

- 1) Unless previously converted, redeemed or repurchased and cancelled, at 2 years after the issue date, each bondholder will have the right, at such bondholder's option, to require BizLink to redeem, in whole or in part, the principal amount of such bondholder's bonds at 102.52%.
- 2) In the event that the stocks cease to be listed or admitted for trading or are suspended from trading on the TWSE, each bondholder shall have the right to require BizLink to redeem the bonds, in whole or in part, at their early redemption amount. The early redemption amount of a bond is determined so that it represents for the bondholders of the bonds a gross yield of 1.25% per annum, calculated on a semi-annual basis.
- 3) If a change of control occurs, each bondholder shall have the right at such bondholder's option to require BizLink to redeem such bondholder's bonds in whole or in part.

d. Redemption

- 1) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if more than 90% of the principal amount of the bonds has already been converted or redeemed or repurchased and cancelled.
 - 2) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if the Company has become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the Republic of China (ROC).
 - 3) From two years to the day after the issue date to the maturity date, if the closing price for 20 transaction days of 30 consecutive business days of BizLink's common stock on the TWSE (converted into US dollars at the spot exchange rate) is greater than the early redemption price applicable on the day decided by the convertible ratio exceeds 130%, then BizLink may redeem the bonds in whole or part at the early redemption amount.
- e. The option and liability portions are accounted for separately, and the liability portion is respectively included in financial assets at FVTPL - current and financial liabilities at FVTPL - current, bonds payable and capital surplus - options.
- f. From January 1, 2019 to March 31, 2019, and February 1, 2018 (the issue date) to March 31, 2019, amortization of discounts on bonds payable \$10,745 thousand and \$6,714 thousand were included in finance costs. As of March 31, 2019, the second unsecured convertible overseas bonds issued were not converted.

The liability and equity components of convertible bonds were as follows:

| | |
|--|---------------------|
| Issued price (deducted transaction costs of \$27,221 thousand) | \$ 2,892,279 |
| Equity component | (169,777) |
| Financial liabilities at FVTPL | <u>(10,991)</u> |
| Liability component at issue date | 2,711,511 |
| Amortized interest | 6,714 |
| Effect of foreign exchange rate | <u>(4,216)</u> |
| Liability component as of March 31, 2018 | <u>\$ 2,714,009</u> |
| Liability component at January 1, 2019 | \$ 2,891,598 |
| Amortized interest | 10,745 |
| Effect of foreign exchange rate | <u>9,881</u> |
| Liability component as of March 31, 2019 | <u>\$ 2,912,224</u> |

- g. The bondholders can request BizLink to redeem their bonds in whole or in part at two years after the issued date. On March 31, 2019, bonds payable were reclassified to current bonds payable in the amount of \$2,192,224 thousand.

22. NOTES PAYABLE AND TRADE PAYABLES

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|-----------------------|---------------------|----------------------|---------------------|
| <u>Notes payable</u> | | | |
| Operating | \$ 182,367 | \$ 133,522 | \$ 120,993 |
| Non-operating | <u>-</u> | <u>-</u> | <u>55</u> |
| | <u>\$ 182,637</u> | <u>\$ 133,522</u> | <u>\$ 121,048</u> |
| <u>Trade payables</u> | | | |
| Operating | <u>\$ 2,772,745</u> | <u>\$ 3,831,669</u> | <u>\$ 3,034,735</u> |

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

23. OTHER LIABILITIES

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|---------------------|----------------------|-------------------|
| <u>Current</u> | | | |
| Other payables | | | |
| Salaries or bonuses | \$ 404,110 | \$ 538,447 | \$ 364,414 |
| Welfare funds | 42,991 | 39,407 | 26,791 |
| Payables for taxes | 35,142 | 34,368 | 9,417 |
| Payables for employee bonuses | 157,659 | 141,133 | 89,540 |
| Payables for remuneration of directors | 11,356 | 9,044 | 11,415 |
| Payables for professional fees | 43,601 | 53,735 | 40,959 |
| Payables for shipping | 37,926 | 44,627 | 40,568 |
| Payables for investments (Note 32) | 7,705 | 7,679 | 29,150 |
| Others | <u>274,054</u> | <u>227,830</u> | <u>280,150</u> |
| | <u>\$ 1,014,544</u> | <u>\$ 1,096,270</u> | <u>\$ 892,404</u> |
| Other liabilities | | | |
| Receipts under custody | \$ 1,393 | \$ 1,105 | \$ 1,150 |
| Others | <u>1,240</u> | <u>1,187</u> | <u>1,144</u> |
| | <u>\$ 2,633</u> | <u>\$ 2,292</u> | <u>\$ 2,294</u> |

(Continued)

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--------------------------------------|------------------|----------------------|---------------------------------|
| <u>Non-current</u> | | | |
| Other liabilities | | | |
| Guarantee deposits | \$ 6,863 | \$ 7,664 | \$ 8,235 |
| Deferred revenue - government grants | 8,472 | 10,522 | 17,848 |
| Others | <u>3,490</u> | <u>3,131</u> | <u>1,844</u> |
| | <u>\$ 18,825</u> | <u>\$ 21,317</u> | <u>\$ 27,927</u> (Concluded) |

24. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Company's defined benefit retirement plans were calculated using the respective prior year's actuarially determined pension cost discount rates as of December 31, 2018 and 2017, and the Company recognized NT\$78 thousand and NT\$78 thousand for the three months ended March 31, 2019 and 2018, respectively.

25. EQUITY

a. Capital stock

Common stocks

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|---------------------|----------------------|---------------------|
| Number of stocks authorized (in thousand) | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Stocks authorized | <u>\$ 5,000,000</u> | <u>\$ 5,000,000</u> | <u>\$ 5,000,000</u> |
| Number of stocks issued and fully paid (in thousand) | <u>118,517</u> | <u>118,517</u> | <u>118,566</u> |
| Stocks issued | <u>\$ 1,185,174</u> | <u>\$ 1,185,174</u> | <u>\$ 1,185,664</u> |

Fully paid common stocks, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

On September 20, 2017, BizLink's board of directors approved a stock issuance for cash amounting to 3,000 thousand units of common stocks, with a par value of NT\$210. The proceeds from the issuance of NT\$630,000 thousand were fully received, and the issuance was listed on January 18, 2018.

b. Capital surplus

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|---------------------|---------------------|---------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (Note 1 below) | | | |
| Stock premiums | \$ 1,557,069 | \$ 1,557,069 | \$ 1,512,817 |
| Conversion of bonds | <u>3,010,509</u> | <u>3,010,509</u> | <u>3,010,509</u> |
| | <u>\$ 4,567,578</u> | <u>\$ 4,567,578</u> | <u>\$ 4,523,326</u> |
| May be used to offset a deficit only (Note 2 below) | | | |
| Conversion of employee stock options (2) | \$ 68,087 | \$ 68,087 | \$ 50,032 |
| Changes in percentage of ownership interests in subsidiaries (3) | 502 | 502 | - |
| Others - expired stock options (2) | <u>4,619</u> | <u>4,619</u> | <u>4,619</u> |
| | <u>\$ 73,208</u> | <u>\$ 73,208</u> | <u>\$ 54,651</u> |
| May not be used for any purpose | | | |
| Employee restricted stocks | \$ 83,075 | \$ 83,075 | \$ 152,757 |
| Stock warrants | <u>169,777</u> | <u>169,777</u> | <u>169,777</u> |
| | <u>\$ 252,852</u> | <u>\$ 252,852</u> | <u>\$ 322,534</u> |

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) When employee stock options are exercised, capital surplus - options are transferred to capital surplus - stock premiums and when the options expired, capital surplus - options are transferred to capital surplus - others.
- 3) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

A reconciliation of the carrying amount for each class of capital surplus was as follows:

| | Stock Premiums | Conversion of Employee Stock Options | Conversion of Bonds | Stock Warrants | Employee Restricted Stocks | Employee Stock Options | Others - Expired Stock Options | Changes in Percentage of Ownership Interests in Subsidiaries | Total |
|--|---------------------|--------------------------------------|---------------------|-------------------|----------------------------|------------------------|--------------------------------|--|---------------------|
| Balance at January 1, 2018 | \$ 894,762 | \$ 50,032 | \$ 3,010,509 | \$ - | \$ 152,757 | \$ 18,055 | \$ 4,619 | \$ - | \$ 4,130,734 |
| Premium from equity stock-based payment under issue of common stock for cash | 18,055 | - | - | - | - | (18,055) | - | - | - |
| Issue of common stock for cash | 600,000 | - | - | - | - | - | - | - | 600,000 |
| Equity component of convertible bonds | - | - | - | 169,777 | - | - | - | - | 169,777 |
| Balance at March 31, 2018 | <u>\$ 1,512,817</u> | <u>\$ 50,032</u> | <u>\$ 3,010,509</u> | <u>\$ 169,777</u> | <u>\$ 152,757</u> | <u>\$ -</u> | <u>\$ 4,619</u> | <u>\$ -</u> | <u>\$ 4,900,511</u> |
| Balance at January 1, 2019 | \$ 1,557,069 | \$ 68,087 | \$ 3,010,509 | \$ 169,777 | \$ 83,075 | \$ - | \$ 4,619 | \$ 502 | \$ 4,893,638 |
| Convertible bonds converted to common stocks | - | - | - | - | - | - | - | - | - |
| Balance at March 31, 2019 | <u>\$ 1,557,069</u> | <u>\$ 68,087</u> | <u>\$ 3,010,509</u> | <u>\$ 169,777</u> | <u>\$ 83,075</u> | <u>\$ -</u> | <u>\$ 4,619</u> | <u>\$ 502</u> | <u>\$ 4,893,638</u> |

c. Retained earnings and dividend policy

Under the dividend policy by the Articles, BizLink may distribute profit in accordance with a proposal for distribution of profit prepared by the directors and approved by the members by an ordinary resolution at any general meeting. The directors shall prepare such proposal as follows: (1) The proposal shall begin with BizLink's annual net income and offset its losses in previous years that have not been previously offset, and then set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals the total capital of BizLink, (2) then BizLink shall set aside a special capital reserve, if one is required, in accordance with the applicable public company rules or as requested by the authorities in charge. Any balance left over may be distributed as dividends (including cash dividends or stock dividends) or bonuses in accordance with the statutes and the applicable public company rules and after taking into consideration financial, business and operational factors with the amount of profits distributed at not lower than 10% of profit after tax of the then current year and the amount of cash dividends distributed thereupon shall not be less than 10% of the profit proposed to be distributed of the then current year. Refer to employee's compensation and remuneration of directors in Note 27 (g) for details.

Legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of BizLink's paid-in capital, the excess may be transferred to capital or distributed in cash.

BizLink appropriates or reverses a special reserve in accordance with Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distribution can be made out of any subsequent reversal of debits to other equity items.

The appropriations of earnings for 2018 and 2017 that were proposed by the board of directors on March 14, 2019 and approved in the shareholders' meetings on June 12, 2019, respectively, were as follows:

| | Appropriation of Earnings | | Dividends Per Stock (NT\$) | |
|-----------------|----------------------------------|-------------|-----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Legal reserve | \$ 139,231 | \$ 116,246 | \$ - | \$ - |
| Special reserve | 41,651 | 299,927 | - | - |
| Cash dividends | 888,881 | 809,210 | 7.5 | 7.0 |

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 12, 2019.

d. Other equity items

1) Exchange differences on translating foreign operations

| | For the Three Months Ended March 31 | |
|--|--|---------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ (682,785) | \$ (617,080) |
| Exchange differences on translating foreign operations | 71,500 | 285,082 |
| Exchange differences on translation to presentation currency | <u>30,818</u> | <u>(209,963)</u> |
| Balance at March 31 | <u>\$ (580,467)</u> | <u>\$ (541,961)</u> |

2) Unrealized gain or loss of financial assets at FVTOCI

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 39,148 | \$ (44,333) |
| Recognized during the period | | |
| Unrealized gain (loss) - debt instruments | <u>68,980</u> | <u>27,286</u> |
| Balance at March 31 | <u>\$ 108,128</u> | <u>\$ (17,047)</u> |

3) Gain or loss on hedging instruments

Cash flow hedges

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ (2,572) | \$ - |
| Recognized during the period | | |
| Gain (loss) on changes in fair value of hedging instruments | | |
| Raw material price risk - copper futures contracts | 2,262 | (16,510) |
| Transferred to carrying amount of hedged items | | |
| Raw material initial price risk - copper futures contracts | 1,937 | (602) |
| Related income tax | <u>(1,050)</u> | <u>4,278</u> |
| Balance at March 31 | <u>\$ 577</u> | <u>\$ (12,834)</u> |

4) Employee unearned benefits

In the meeting of stockholders on June 15, 2016, the stockholders approved a restricted stock plan for employees (Note 30).

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ (25,588) | \$ (92,420) |
| Stock-based payment expenses recognized | <u>8,786</u> | <u>16,706</u> |
| Balance at March 31 | <u>\$ (16,802)</u> | <u>\$ (75,714)</u> |

e. Non-controlling interests

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 54,796 | \$ - |
| Share in profit for the period | 969 | 1,734 |
| Other comprehensive income (loss) in the period | | |
| Exchange differences on translating foreign operations | 802 | 159 |
| Equity component of common stock issued by subsidiaries | <u>-</u> | <u>47,785</u> |
| Balance at March 31 | <u>\$ 56,567</u> | <u>\$ 49,678</u> |

26. REVENUE

| | For the Three Months Ended March 31 | |
|---|--|---------------------|
| | 2019 | 2018 |
| Revenue from contracts with customers | | |
| Revenue from the sale of goods | \$ 5,481,732 | \$ 4,730,966 |
| Rental income | | |
| Rental income from properties (Note 27) | <u>8,722</u> | <u>5,217</u> |
| | <u>\$ 5,490,454</u> | <u>\$ 4,736,183</u> |

a. Description of customer contracts

Revenue from sales of goods

The main operating revenue of the Company was from the wholesale and retail of cable assemblies, power cords and connectors at fixed contract prices.

b. Contract balance

| | March 31, 2019 | December 31, 2018 | March 31, 2018 | January 1, 2018 |
|---|---------------------|----------------------|---------------------|---------------------|
| Notes receivable and trade receivables (Note 11) | <u>\$ 4,960,148</u> | <u>\$ 5,138,490</u> | <u>\$ 4,166,362</u> | <u>\$ 4,518,344</u> |
| Contract liabilities - current | | | | |
| Sales of goods | <u>\$ 18,961</u> | <u>\$ 22,507</u> | <u>\$ 29,054</u> | <u>\$ 20,928</u> |

c. Sales details of customer contracts

Sales details are disclosed in Note 41.

27. NET PROFIT FROM OPERATIONS

a. Other income

| | For the Three Months Ended March 31 | |
|---------------------------------|--|------------------|
| | 2019 | 2018 |
| Interest income | | |
| Bank deposits | \$ 7,890 | \$ 3,647 |
| Rental income | | |
| Investment properties (Note 15) | | |
| Other lease payments | 5,307 | 5,217 |
| Other operating lease (Note 14) | | |
| Other lease payments | 3,415 | - |
| Government grants revenue | 2,231 | 7,206 |
| Others | <u>1,742</u> | <u>913</u> |
| | <u>\$ 20,585</u> | <u>\$ 16,983</u> |

b. Other gains and losses

| | For the Three Months Ended March 31 | |
|---|--|--------------------|
| | 2019 | 2018 |
| Financial assets and liabilities | | |
| Financial assets mandatorily classified as at FVTPL | \$ 23,507 | \$ 38,115 |
| Financial liabilities held for trading | 4,993 | (3,328) |
| Net foreign exchange losses | (68,238) | (102,693) |
| Loss on disposal of property, plant and equipment | 3,760 | (5,236) |
| Loss on disposal of intangible assets | - | (153) |
| Others | <u>(1,909)</u> | <u>(2,133)</u> |
| | <u>\$ (37,887)</u> | <u>\$ (75,428)</u> |

c. Finance costs

| | For the Three Months Ended March 31 | |
|-------------------------------|--|--------------------|
| | 2019 | 2018 |
| Interest on bank loans | \$ (3,056) | \$ (4,343) |
| Interest on convertible bonds | (10,745) | (6,714) |
| Interest on lease liabilities | (9,794) | - |
| Others | <u>-</u> | <u>(240)</u> |
| | <u>\$ (23,595)</u> | <u>\$ (11,297)</u> |

d. Depreciation and amortization

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2019 | 2018 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 114,256 | \$ 60,182 |
| Operating expenses | <u>35,736</u> | <u>18,766</u> |
| | <u>\$ 149,992</u> | <u>\$ 78,948</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 11,403 | \$ 9,174 |
| Operating expenses | <u>17,695</u> | <u>15,240</u> |
| | <u>\$ 29,098</u> | <u>\$ 24,414</u> |

e. Operating expense directly related to investment properties

| | For the Three Months Ended March 31 | |
|---|--|---------------|
| | 2019 | 2018 |
| Direct operating expenses from investment properties generating rental income | <u>\$ 939</u> | <u>\$ 906</u> |

f. Employee benefits expense

| | For the Three Months Ended March 31 | |
|--|--|-------------------|
| | 2019 | 2018 |
| Short term benefit | \$ 951,589 | \$ 752,899 |
| Post-employment benefits (Note 24) | | |
| Defined contribution plans | 38,936 | 38,714 |
| Defined benefit plans | <u>78</u> | <u>78</u> |
| | <u>39,014</u> | <u>38,792</u> |
| Share-based payments | 8,786 | 16,706 |
| Other employee benefits | <u>96,707</u> | <u>94,233</u> |
| Total employee benefits expense | <u>\$ 1,096,096</u> | <u>\$ 902,630</u> |
| An analysis of employee benefits expense by function | | |
| Operating costs | \$ 640,827 | \$ 578,860 |
| Operating expenses | <u>455,269</u> | <u>323,770</u> |
| | <u>\$ 1,096,096</u> | <u>\$ 902,630</u> |

g. Employees' compensation and remuneration of directors

BizLink accrued employees' compensation at rates of no less than 1% and no higher than 10%, and remuneration to directors at rates of no higher than 3% of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2019 and 2018, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

| | For the Three Months Ended March 31 | |
|---------------------------|--|-------------|
| | 2019 | 2018 |
| Employees' compensation | 3.67% | 4.67% |
| Remuneration of directors | 0.51% | 0.79% |

Amount

| | For the Three Months Ended March 31 | |
|---------------------------|--|------------------|
| | 2019 | 2018 |
| Employees' compensation | <u>\$ 16,526</u> | <u>\$ 13,047</u> |
| Remuneration of directors | <u>\$ 2,312</u> | <u>\$ 2,198</u> |

If there is a change in the amounts after the annual consolidated financial statements are authorized for publishing, the differences will be recognized as a change in the accounting estimation.

The appropriations of employees' compensation and remuneration to directors for 2018 and 2017, which were resolved by the board of directors on March 14, 2019 and March 13, 2018, respectively.

| | For the Year Ended December 31 | |
|---------------------------|---------------------------------------|-------------|
| | 2018 | 2017 |
| Bonus to employees | \$ 64,640 | \$ 52,188 |
| Remuneration of directors | 9,044 | 9,132 |

The actual amounts of the employees' compensation and remuneration of directors paid for 2018 and 2017 were no different from the amounts recognized in the consolidated financial statements for the year ended December 31, 2018 and 2017.

Information for the employees' compensation and remuneration of directors resolved by BizLink's board of directors in 2019 and 2018 are available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

| | For the Three Months Ended March 31 | |
|---|--|------------------|
| | 2019 | 2018 |
| Current tax | | |
| In respect of the current period | \$ 98,458 | \$ 36,333 |
| Adjustments for prior periods | - | (4,813) |
| | <u>98,458</u> | <u>31,520</u> |
| Deferred tax | | |
| In respect of the current period | 1,115 | 5,245 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | - | (439) |
| | <u>1,115</u> | <u>4,806</u> |
| Income tax expense recognized in profit or loss | <u>\$ 99,573</u> | <u>\$ 36,326</u> |

The Income Tax Act in the ROC was amended in 2018 and corporate income tax rate was adjusted from 17% to 20%. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

The applicable tax rate in the three months ended March 31, 2019 and 2018 used above are the corporate tax rates of 20%. The applicable tax rate used by subsidiaries in China is 25% except for BizLink (Kun Shan) Co., Ltd., OptiWorks (Kunshan) Limited, Bizconn International Corp. (China) and Xiang Yao Electronics (Shen Zhen) Co., Ltd. in the three months ended March 31, 2019 and 2018, the three of which used a tax rate of 15%, due to their status as holders of high-tech enterprise certificates. The applicable tax rates in the three months ended March 31, 2019 and 2018 used by the subsidiaries in the US are 21%, for federal tax and 8.84% for California state tax. The applicable tax rate in the three months ended March 31, 2019 and 2018 used by the subsidiaries in Ireland is 12.5% according to local law. The applicable tax rate in the three months ended March 31, 2019 and 2018 used by the subsidiaries in Slovakia is 21% according to local law. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

| | For the Three Months Ended March 31 | |
|--|--|-------------------|
| | 2019 | 2018 |
| <u>Deferred tax</u> | | |
| In respect of the current period | | |
| Fair value changes of hedging instruments for cash flow hedges | \$ 1,050 | \$ (4,278) |
| Total income tax recognized in other comprehensive income | <u>\$ 1,050</u> | <u>\$ (4,278)</u> |

c. Income tax assessment

As of March 31, 2019, the Company has no unsettled lawsuit.

29. EARNINGS PER SHARE

| | Unit: NT\$ Per Share | |
|--|--|-------------------|
| | For the Three Months Ended March 31 | |
| | 2019 | 2018 |
| Basic earnings per share | | |
| Net income | <u>\$ 331,365</u> | <u>\$ 225,820</u> |
| Weighted average number of common stocks in computation of basic earnings per share | <u>117,965</u> | <u>116,551</u> |
| Basic earnings per share | <u>\$2.81</u> | <u>\$1.94</u> |
| Diluted earnings per share | | |
| Net income | \$ 331,365 | \$ 225,820 |
| Effect of potentially dilutive common stocks: | | |
| Interest on convertible bonds (after tax) | 10,745 | - |
| Gain on valuation of converted bonds | <u>(7,091)</u> | <u>-</u> |
| Earnings used in the computation of diluted earnings per share from continuing operation | <u>\$ 335,019</u> | <u>\$ 225,820</u> |
| Weighted average number of common stocks in computation of basic earnings per share | 117,965 | 116,551 |
| Effect of potentially dilutive common stocks: | | |
| Convertible bonds | 9,399 | - |
| Employees' compensation or bonus issued to employees | 328 | 200 |
| Employee restricted stocks | <u>468</u> | <u>728</u> |
| Weighted average number of common stocks in computation of diluted earnings per share | <u>128,160</u> | <u>117,479</u> |
| Diluted earnings per share | <u>\$2.61</u> | <u>\$1.92</u> |

BizLink offered to settle compensation or bonuses paid to employees in cash or stocks. Therefore, BizLink assumed the entire amount of the compensation or bonus would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the stockholders resolve the number of stocks to be distributed to employees at their meeting in the following year.

30. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stocks

In the stockholders' meeting on June 15, 2016, the stockholders approved a restricted stock plan for employees for a total amount of NT\$15,000 thousand, consisting of 1,500 thousand stocks. The subscription base date of December 9, 2016 was determined by the chairman of the board who was authorized by the board of directors on November 10, 2016. The restrictions on the rights of the employees who acquire the restricted stocks but have not met the vesting conditions are as follows:

- a. Employees who acquire the restricted stocks but have not met the vesting conditions cannot sell, pledge, transfer, donate or in any other way dispose of these stocks except through inheritance.
- b. The handling or execution of the related proposal, statements, voting rights and other equity-related matters are delegated to trust custody agencies.
- c. Employees who acquire the restricted stocks but have not met the vesting conditions have other rights the same as the holders of the issued common stocks of the Company.
- d. The stocks should be held in a stock trust. The restricted stocks should be held in a trust after being issued and non-refundable before meeting the vesting conditions.

If an employee fails to meet the vesting conditions, the Company will recall or buy back and cancel his/her restricted stocks.

Compensation costs of NT\$8,786 thousand and NT\$16,706 thousand were recognized within the vesting period for the three months ended March 31, 2019 and 2018, respectively.

31. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

The Company issued stocks of the subsidiary OW Holding Inc. and paid US\$2,000 thousand in order to obtain the business unit of optical fiber communication components (with a fair value on the acquisition date of US\$3,100 thousand) to expand operations.

- b. Consideration transferred

| | OW Holding Inc. |
|--------------------------------|----------------------------|
| Cash | \$ 57,890 |
| Issuance of equity instruments | <u>32,964</u> |
| | <u>\$ 90,854</u> |

The above transaction resulted in a decrease of the Company's percentage of ownership from 100% to 89.29%. The Company maintained control over the subsidiary and accounted for the transaction as an equity transaction.

| | OW Holding Inc. |
|---|------------------------|
| Consideration of acquired assets | \$ 90,854 |
| Cash payment | (57,890) |
| The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests | <u>(47,785)</u> |
| Differences recognized from equity transactions | <u>\$ (14,821)</u> |
| c. Assets acquired and liabilities assumed at the date of acquisition | |
| Intangible assets | |
| Customer relationships | \$ 41,910 |
| Core technology | <u>48,944</u> |
| | <u>\$ 90,854</u> |
| d. Impact of acquisitions on the results of the Company | |

The result of the acquisition of OW Holding Inc. since the acquisition date included in the consolidated statements of comprehensive income were as follows:

| | For the Three Months Ended March 31, 2018 |
|---------------------------|--|
| Revenue - OW Holding Inc. | <u>\$ -</u> |
| Profit - OW Holding Inc. | <u>\$ 16,195</u> |

32. CASH FLOWS INFORMATION

a. Non-cash transactions

For the three months ended March 31, 2019 and 2018, the Company entered into the following non-cash investing and financing activities:

- 1) In February 2018, BizLink issued its second overseas unsecured convertible bonds, and the proceeds amounted to NT\$2,892,279 thousand, recognized as bonds payable of NT\$2,711,511 thousand, financial liabilities at FVTPL of NT\$10,991 thousand and capital surplus - stock warrants of NT\$169,777 thousand, respectively.
- 2) The Company issued common stock of OW Holding Inc. and paid cash US\$2,000 thousand to obtain intangible assets. As of March 31, 2019, December 31, 2018 and March 31, 2018, NT\$7,705 thousand (US\$250 thousand), NT\$7,679 thousand (US\$250 thousand) and NT\$29,150 thousand (US\$1,000 thousand) was unpaid and was recognized as other payables.

3) The Company acquired domestic and foreign equity instruments unlisted stock \$49,033 thousand and recognized as financial assets at FVTOCI. As of December 31, 2017, \$10,714 thousand was prepaid and recognized as prepayment of investment. The remaining balance \$38,319 thousand was paid for the three months ended March 31, 2018.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2019

| | | | Non-cash Changes | | | | Effect of Foreign Currency Exchange Differences | |
|-----------------------|---------------------|--------------------|-------------------|----------------------|-------------------|------------------|---|---------------------|
| | Opening Balance | Cash Flows | New Leases | Liability Components | Equity Components | Interest Expense | | Closing Balance |
| Short-term borrowings | \$ 64,500 | \$ 34,621 | \$ - | \$ - | \$ - | \$ - | \$ (11) | \$ 99,110 |
| Long-term borrowings | 379,061 | (3,992) | - | - | - | - | 499 | 375,568 |
| Guarantee deposits | 7,664 | (827) | - | - | - | - | 26 | 6,863 |
| Bonds payable | 2,891,598 | - | - | - | - | 10,745 | 9,881 | 2,912,224 |
| Lease liabilities | 811,931 | (56,285) | 102,240 | - | - | - | 13,242 | 871,128 |
| | <u>\$ 4,154,754</u> | <u>\$ (26,483)</u> | <u>\$ 102,240</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,745</u> | <u>\$ 23,637</u> | <u>\$ 4,264,893</u> |

For the three months ended March 31, 2018

| | | | Non-cash Changes | | | | Effect of Foreign Currency Exchange Differences | |
|-----------------------|---------------------|---------------------|----------------------|---------------------|------------------|--------------------|---|---------------------|
| | Opening Balance | Cash Flows | Liability Components | Equity Components | Interest Expense | | | Closing Balance |
| Short-term borrowings | \$ 905,922 | \$ (630,116) | \$ - | \$ - | \$ - | \$ (13,860) | \$ | \$ 261,946 |
| Long-term borrowings | 530,241 | (148,240) | - | - | - | (5,318) | | 376,683 |
| Guarantee deposits | 8,789 | (376) | - | - | - | (178) | | 8,235 |
| Bonds payable | - | 2,892,279 | (10,991) | (169,777) | 6,714 | (4,216) | | 2,714,009 |
| | <u>\$ 1,444,952</u> | <u>\$ 2,113,547</u> | <u>\$ (10,991)</u> | <u>\$ (169,777)</u> | <u>\$ 6,714</u> | <u>\$ (23,572)</u> | | <u>\$ 3,360,873</u> |

33. CAPITAL MANAGEMENT

BizLink manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the BizLink (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to stockholders, the number of new stocks issued or repurchased, or the amount of new debt issued or existing debt redeemed.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on recurring basis

1) Fair value hierarchy

March 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|------------------|-------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Foreign exchange forward contracts | \$ - | \$ 10,251 | \$ - | \$ 10,251 |
| Convertible bonds options | - | - | 616 | 616 |
| Domestic and foreign quoted stocks | <u>2,298</u> | <u>-</u> | <u>-</u> | <u>2,298</u> |
| | <u>\$ 2,298</u> | <u>\$ 10,251</u> | <u>\$ 616</u> | <u>\$ 13,165</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic and foreign unlisted stocks | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 452,761</u> | <u>\$ 452,761</u> |
| Financial liabilities at FVTPL | | | | |
| Foreign exchange forward contracts | <u>\$ -</u> | <u>\$ 1,480</u> | <u>\$ -</u> | <u>\$ 1,480</u> |

December 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|-----------------|-------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Foreign exchange forward contracts | \$ - | \$ 2,665 | \$ - | \$ 2,665 |
| Domestic and foreign quoted stocks | <u>2,010</u> | <u>-</u> | <u>-</u> | <u>2,010</u> |
| | <u>\$ 2,010</u> | <u>\$ 2,665</u> | <u>\$ -</u> | <u>\$ 4,675</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic and foreign unlisted stocks | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 382,626</u> | <u>\$ 382,626</u> |
| Financial liabilities at FVTPL | | | | |
| Financial liabilities | | | | |
| Convertible bonds options | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,450</u> | <u>\$ 6,450</u> |

March 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|-----------------|------------------|-------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Foreign exchange forward contracts | \$ - | \$ 14,390 | \$ - | \$ 14,390 |
| Domestic and foreign quoted stocks | <u>1,997</u> | <u>-</u> | <u>-</u> | <u>1,997</u> |
| | <u>\$ 1,997</u> | <u>\$ 14,390</u> | <u>\$ -</u> | <u>\$ 16,387</u> |
| Financial assets at FVTOCI | | | | |
| Investments in equity instruments | | | | |
| Domestic and foreign unlisted stocks | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 298,890</u> | <u>\$ 298,890</u> |
| Financial liabilities at FVTPL | | | | |
| Financial liabilities | | | | |
| Convertible bonds - options | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,284</u> | <u>\$ 14,284</u> |

For the three months ended March 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2019

| | Financial Assets at FVTOCI Equity Instruments |
|--|--|
| Financial assets | |
| Balance at January 1, 2019 | \$ 382,626 |
| Additional | - |
| Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI) | 68,980 |
| Disposal | |
| Effect of foreign currency exchange differences | <u>1,155</u> |
| Balance at March 31, 2019 | <u>\$ 452,761</u> |
| | Convertible Bonds - Option |
| Financial liabilities at FVTPL | |
| Balance at January 1, 2019 | \$ (6,450) |
| Additional - issuance of bonds | - |
| Recognized in profit or loss (other gains and losses) | |
| Unrealized | 7,091 |
| Effect of foreign currency exchange differences | <u>(25)</u> |
| Balance at March 31, 2019 | <u>\$ 616</u> |

For the three months ended March 31, 2018

| | Financial Assets at FVTOCI Equity Instruments |
|---|--|
| <u>Financial assets</u> | |
| Balance at January 1, 2018 | \$ 227,319 |
| Additional | 38,832 |
| Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI) | 27,286 |
| Effect of foreign currency exchange differences | <u>5,453</u> |
| Balance at March 31, 2018 | <u>\$ 298,890</u> |

For the three months ended March 31, 2018

| | Convertible Bonds - Options |
|---|--|
| <u>Financial liabilities at FVTPL</u> | |
| Balance at January 1, 2018 | \$ - |
| Additional - issuance of bonds | 10,991 |
| Recognized in profit or loss (other gains and losses) | |
| Unrealized | 3,328 |
| Effect of foreign currency exchange differences | <u>(35)</u> |
| Balance at March 31, 2018 | <u>\$ 14,284</u> |

3) Valuation techniques and inputs applied for Level 2 fair value measurement

| <u>Financial Instruments</u> | <u>Valuation Techniques and Inputs</u> |
|--|---|
| Derivatives - foreign exchange forward contracts | Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

4) Valuation techniques and inputs applied for Level 3 fair value measurement

| Financial Instruments | Valuation Techniques and Inputs |
|------------------------------|---|
| Convertible bond options | The binomial tree evaluation model of convertible bonds: Consideration of the duration, the stock price and volatility of the convertible bond object, conversion price, risk-free rate of interest, risk discount rate, and liquidity risk of the convertible bonds and other factors. |
| Unlisted debt securities | Asset-based approach: The value of evaluation target can be obtained by taking into account the net asset value measured at the fair value with the consideration of liquidity and non-controlling discounts rate to estimate the target's fair value. The market approach: The value of evaluation target can be obtained by using the transaction price of the enterprises which are similar to the evaluation target in the active market. The liquidity discounted rate is considered to estimate the target's fair value. |

c. Categories of financial instruments

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|-----------------------|--------------------------|-----------------------|
| <u>Financial assets</u> | | | |
| FVTPL | | | |
| Mandatorily classified as at FVTPL | \$ 13,165 | \$ 4,675 | \$ 16,387 |
| Financial assets for hedging | 654 | - | - |
| Financial assets at amortized cost (1) | 8,613,309 | 8,974,134 | 8,413,909 |
| Financial assets at FVTOCI | | | |
| Equity instruments | 452,761 | 382,626 | 298,890 |
| <u>Financial liabilities</u> | | | |
| FVTPL | | | |
| Held for trading | 1,480 | 6,450 | 14,284 |
| Amortized cost (2) | 6,712,163 | 7,641,885 | 6,907,483 |
| Financial liabilities for hedging | - | 3,473 | 11,082 |

- 1) The balances included cash and cash equivalents, notes receivable, trade receivables, trade receivables - related parties, other receivables, other financial assets and refundable deposits (included in non-current assets) at amortized cost.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, other payables, current portion of long-term borrowings and bonds payable, long-term borrowings and guarantee deposits received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, notes and trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on exports and foreign exchange options to mitigate the risk of rising interest rates.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 39.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the subsidiaries using non-US dollar as a functional currency, and their sensitivity to a 1% increase and decrease in the US dollar against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit when the US dollar strengthening by 1% against the relevant currency. For a 1% weakens of the US dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

| | USD Impact | |
|----------------|-----------------------------------|-------------|
| | For the Three Months Ended | |
| | December 31 | |
| | 2019 | 2018 |
| Profit or loss | \$ 18,317 | \$ 30,289 |

This was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency decreased during the current period mainly due to increase in foreign currency trade payables.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|----------------------------------|-----------------------|--------------------------|-----------------------|
| Interest rate risk on fair value | | | |
| Financial assets | \$ 804,690 | \$ 405,655 | \$ 1,412,125 |
| Financial liabilities | 2,976,724 | 2,956,098 | 2,975,955 |
| Interest rate risk on cash flow | | | |
| Financial assets | 2,689,910 | 3,283,014 | 2,700,624 |
| Financial liabilities | 410,178 | 379,061 | 376,683 |

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates of non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31, 2019 and 2018 would have increased/decreased by \$5,699 thousand and \$5,810 thousand, respectively, which would be mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits and bank borrowings.

The Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in the variable rate bank deposits.

c) Other price risk

The Company was not exposed to equity price risk through its investments in listed equity securities, because the amount of its investments were considered immaterial. The Company was exposed to equity price risk through its investments in unlisted equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity price had been 1% higher/lower, pre-tax other comprehensive income for the three months ended March 31, 2019 and 2018 would have increased/decreased by \$4,528 thousand and \$2,989 thousand, respectively.

The Company's sensitivity to equity prices increased during the current period mainly due to increase in equity instruments.

Hedge accounting

In addition to the above-mentioned price risk, the Company uses copper as a raw material in the process and highly expects to sign copper purchase contracts with suppliers in the future according to its order demands. The contract price is based on the copper market price markup with a certain margin ratio. In order to manage the copper price risk of the contracts, the Company utilizes copper futures contracts by the same notional amount and at the same maturity date as the cash flow risk hedging tool that is part of the copper price risk contained in the contracts. Based on historical experience, changes in the cash flow component of the specified copper price risk are highly effective in covering the entire contractual cash flow changes.

The hedging strategy of the Company was to sign copper futures contract to avoid the risk of copper price fluctuations and to designate cash flow hedges and adjust the book value of non-hedging items when expected transactions actually occur.

For the anticipation of the highly probable expected purchase transactions, the main conditions (e.g. quantity and period) of the copper futures contract are negotiated with the hedged items. According to the assessment of economic relations, the Company evaluates that the copper futures contract and the anticipated transaction will systematically reverse in response to changes in raw material copper prices. The Company periodically compares the number of open positions of copper and the expected purchase quantity change in order to assess the effectiveness of the hedge.

The exchange rate hedging information for the Company is as follows:

March 31, 2019

| Hedge Instrument | Contract Weight | Maturity | Line Item in Balance Sheet | Carrying Amount Assets |
|-------------------------|------------------------|-----------------|---|-------------------------------|
| Cash flow hedges | | | | |
| Copper futures contract | 1,015 tons | 2019.04-2019.12 | Derivative financial assets for hedging | \$ <u>654</u> |

| Hedged Item | Book Value of Other Equity Continuous Application of Hedge Accounting |
|------------------------|--|
| Cash flow hedges | |
| Expected purchases (i) | <u>\$ 577</u> |

For the three months ended March 31, 2019

| Other Comprehensive Income Effect | Recognized Profit (Loss) in Other Comprehensive Income |
|--|---|
| Cash flow hedges | |
| Expected purchases (i) (ii) | <u>\$ 4,199</u> |

March 31, 2018

| Hedge Instrument | Contract Weight | Maturity | Line Item in Balance Sheet | Carrying Amount Liabilities |
|-------------------------|----------------------------|-----------------|--|--|
| Cash flow hedges | | | | |
| Copper futures contract | 845 tons | 2018.04-2018.12 | Derivative financial liabilities for hedging | <u>\$ 11,082</u> |

| Hedged Item | Book Value of Other Equity Continuous Application of Hedge Accounting |
|------------------------|--|
| Cash flow hedges | |
| Expected purchases (i) | <u>\$ (12,834)</u> |

For the three months ended March 31, 2018

| Other Comprehensive Income Effect | Recognized Profit (Loss) in Other Comprehensive Income |
|--|---|
| Cash flow hedges | |
| Expected purchases (i) (ii) | <u>\$ (17,112)</u> |

- i. According to the status of orders, the Company highly expected to sign raw material purchase contracts with suppliers in the future and has signed copper futures contract (for a period of 3 to 12 months) in order to circumvent the risk of price fluctuations that may occur due to future purchases. The amount of originally deferred to equity at the time of the contract signing will be included in the raw materials' carrying amount.
- ii. For information on other hedging equity adjustments, refer to Note 25.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation, would arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

Except for the major three costumers of the BizLink, the Company did not have significant credit risk for any single counterparty or any group of counterparties with similar characteristics.

The Company's concentration of credit risk of 41%, 40% and 37% of total trade receivables as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively, was related to the Company's three major customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of March 31, 2019, December 31, 2018 and March 31, 2018. The Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables were drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates of other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest cash flows are at a floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2019

| | Less Than 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|-------------------------------|-------------------------------|-------------------|-------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 3,261,290 | \$ 57,108 | \$ 6,863 | \$ - |
| Lease liabilities | 68,073 | 209,563 | 632,117 | 38,318 |
| Variable interest rate | 45,569 | 32,400 | 289,051 | 67,543 |
| Fixed interest rate | <u>64,593</u> | <u>3,159,663</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 3,439,525</u> | <u>\$ 3,458,734</u> | <u>\$ 928,031</u> | <u>\$ 105,861</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 277,636</u> | <u>\$ 632,117</u> | <u>\$ 38,318</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2018

| | Less Than 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|-------------------------------|-------------------------------|---------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 4,240,885 | \$ 58,177 | \$ 7,664 | \$ - |
| Variable interest rate | 9,729 | 37,246 | 287,784 | 70,580 |
| Fixed interest rate | <u>64,594</u> | <u>-</u> | <u>3,148,900</u> | <u>-</u> |
| | <u>\$ 4,315,208</u> | <u>\$ 95,423</u> | <u>\$ 3,444,348</u> | <u>\$ 70,580</u> |

March 31, 2018

| | Less Than 3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|-------------------------------|-------------------------------|---------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | |
| Non-interest bearing liabilities | \$ 3,481,935 | \$ 64,675 | \$ 8,235 | \$ - |
| Variable interest rate | 3,618 | 16,334 | 287,715 | 96,490 |
| Fixed interest rate | <u>269,853</u> | <u>-</u> | <u>2,988,458</u> | <u>-</u> |
| | <u>\$ 3,755,406</u> | <u>\$ 81,009</u> | <u>\$ 3,284,408</u> | <u>\$ 96,490</u> |

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2019

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Futures contract - cooper | \$ 559 | \$ 29 | \$ 66 | \$ - | \$ - |
| Foreign exchange forward contracts | <u>1,332</u> | <u>(950)</u> | <u>47</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,891</u> | <u>\$ (921)</u> | <u>\$ 113</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Gross settled</u> | | | | | |
| Foreign exchange forward contracts | | | | | |
| Inflow | \$ 17,340 | \$ 37,403 | \$ 147,000 | \$ - | \$ - |
| Outflow | <u>(16,592)</u> | <u>(35,813)</u> | <u>(140,996)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 748</u> | <u>\$ 1,590</u> | <u>\$ 6,004</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2018

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Futures contract - cooper | \$ (1,073) | \$ (2,103) | \$ (297) | \$ - | \$ - |
| Foreign exchange forward contracts | <u>2,459</u> | <u>206</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 1,386</u> | <u>\$ (1,897)</u> | <u>\$ (297)</u> | <u>\$ -</u> | <u>\$ -</u> |

March 31, 2018

| | On Demand or Less Than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---------------------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Futures contract - cooper | \$ <u>(3,635)</u> | \$ <u>(6,207)</u> | \$ <u>(1,240)</u> | \$ <u>-</u> | \$ <u>-</u> |
| <u>Gross settled</u> | | | | | |
| Foreign exchange forward contracts | | | | | |
| Inflow | \$ 1,151,240 | \$ - | \$ - | \$ - | \$ - |
| Outflow | <u>(1,136,850)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | \$ <u>14,390</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |

c) Financing facilities

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---------------------------------|-----------------------|------------------------------|-----------------------|
| Secured bank loan facilities: | | | |
| Amount used | \$ 440,068 | \$ 443,561 | \$ 441,183 |
| Amount unused | <u>35,059</u> | <u>31,972</u> | <u>26,424</u> |
| | \$ <u>475,127</u> | \$ <u>475,533</u> | \$ <u>467,607</u> |
| Unsecured bank loan facilities: | | | |
| Amount used | \$ 34,610 | \$ - | \$ 197,446 |
| Amount unused | <u>2,854,893</u> | <u>1,838,055</u> | <u>2,439,870</u> |
| | \$ <u>2,889,503</u> | \$ <u>1,838,055</u> | \$ <u>2,637,316</u> |

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between BizLink and its subsidiaries, which were related parties of BizLink, were eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and categories

| <u>Related Party Name</u> | <u>Related Party Categories</u> |
|--|---------------------------------|
| Kunshan Xianglian Construction Development Limited | Substantive related parties |

b. Lease arrangements - Group is lessee

Acquisition of right-of-use assets

| | For the Three Months Ended March 31, 2019 |
|--|--|
| Related Party Category/Name | |
| <u>Acquisition of right-of-use assets</u> | |
| Substantive related party | |
| Kunshan Xianglian Construction Development Limited | <u>\$ 24,351</u> |

| Line Item | Related Party Category/Name | March 31, 2019 |
|-------------------|--|-----------------------|
| Lease liabilities | Substantive related party Kunshan Xianglian Construction Development Limited | <u>\$ 329,120</u> |

The rental expenses were based on active market prices and were paid quarterly.

| | For the Three Months Ended March 31, 2019 |
|--|--|
| Related Party Category/Name | |
| <u>Interest expense</u> | |
| Substantive related party | |
| Kunshan Xianglian Construction Development Limited | <u>\$ 3,270</u> |

c. Refundable deposits (included in other current assets)

| Related Party Categories/Name | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|---------------------------|------------------------------|---------------------------|
| Substantive related party | | | |
| Kunshan Xianglian Construction Development Limited | <u>\$ 21,432</u> | <u>\$ 20,631</u> | <u>\$ 15,156</u> |

d. Cost of goods sold

| | For the Three Months Ended March 31, 2018 |
|--|--|
| Line Items | |
| Rental expenses | |
| Substantive related party Kunshan Xianglian Construction Development Limited | <u>\$ 9,819</u> |

The rental expenses were based on active market prices and were paid quarterly.

e. Operating expense

| Line Items | Related Party Categories/Name | For the Three Months Ended |
|-----------------|--|----------------------------|
| | | March 31, 2018 |
| Rental expenses | Substantive related party Kunshan Xianglian Construction Development Limited | \$ <u>6,676</u> |

The rental expenses were based on active market prices and were paid quarterly.

f. Compensation of key management personnel

| Line Items | For the Three Months Ended | |
|------------------------------|----------------------------|------------------|
| | March 31 | |
| | 2019 | 2018 |
| Short-term employee benefits | \$ 17,987 | \$ 21,201 |
| Share-based payments | <u>2,730</u> | <u>4,900</u> |
| | <u>\$ 20,717</u> | <u>\$ 26,101</u> |

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|---|-------------------|-------------------|-------------------|
| Pledged deposits (classified as other financial assets - current) | \$ 1,510 | \$ 1,478 | \$ 1,507 |
| Pledged deposits (classified as other financial assets - non-current) | 19,683 | 10,300 | - |
| Bank deposits (classified as other financial assets - current) | 24,338 | 19,650 | 25,957 |
| Bank deposits (classified as other financial assets - non-current) | 161,215 | 160,505 | 145,750 |
| Freehold land (classified as property, plant and equipment) | 298,061 | 297,802 | 293,898 |
| Buildings (classified as property, plant and equipment) | 235,902 | 236,978 | 234,973 |
| Freehold land (classified as investment properties) | 51,120 | 51,120 | 51,120 |
| Buildings (classified as investment properties) | <u>29,103</u> | <u>29,273</u> | <u>29,771</u> |
| | <u>\$ 820,932</u> | <u>\$ 807,106</u> | <u>\$ 782,976</u> |

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of March 31, 2019, December 31, 2018 and March 31, 2018 were as follows:

Significant Commitments

Unrecognized commitments are as follows:

| | March 31, 2019 | December 31, 2018 | March 31, 2018 |
|--|----------------|-------------------|----------------|
| Acquisition of property, plant and equipment | \$ 71,469 | \$ 153,456 | \$ 45,751 |

38. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On May 2, 2019, BizLink's board of directors approved to invest EUR6,500 thousand to subsidiary BizLink Technology SRB D.O.O.

39. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

(N.T. Dollars and Foreign Currencies in Thousands)

| | March 31, 2019 | | |
|------------------------------|--------------------|------------------|-----------------|
| | Foreign Currencies | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 169,253 | 6.7340 (USD:RMB) | \$ 5,216,372 |
| USD | 9,085 | 7.8498 (USD:HKD) | 279,999 |
| USD | 33,955 | 0.8905 (USD:EUR) | 1,046,492 |
| USD | 8,970 | 4.0810 (USD:MYR) | 276,455 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 72,095 | 6.3740 (USD:RMB) | 2,221,965 |
| USD | 2,366 | 7.8498 (USD:HKD) | 72,920 |
| USD | 44,182 | 0.8905 (USD:EUR) | 1,361,688 |

| December 31, 2018 | | | |
|------------------------------|---------------------------|----------------------|-----------------------------|
| | Foreign Currencies | Exchange Rate | Carrying Amount (\$) |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 180,792 | 6.8634 (USD:RMB) | \$ 5,553,023 |
| USD | 14,526 | 7.8329 (USD:HKD) | 446,166 |
| USD | 34,644 | 0.8726 (USD:EUR) | 1,064,090 |
| USD | 8,322 | 4.1560 (USD:MYR) | 255,610 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 85,248 | 6.8634 (USD:RMB) | 2,618,391 |
| USD | 1,442 | 7.8329 (USD:HKD) | 44,291 |
| USD | 43,893 | 0.8726 (USD:EUR) | 1,348,173 |
| March 31, 2018 | | | |
| | Foreign Currencies | Exchange Rate | Carrying Amount |
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 157,459 | 6.3052 (USD:RMB) | \$ 4,589,930 |
| USD | 3,906 | 7.8493 (USD:HKD) | 113,860 |
| USD | 23,153 | 0.8120 (USD:EUR) | 674,910 |
| USD | 9,021 | 3.8680 (USD:MYR) | 262,962 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 15,901 | 6.3052 (USD:RMB) | 463,514 |
| USD | 945 | 7.8493 (USD:HKD) | 27,547 |
| USD | 32,660 | 0.8120 (USD:EUR) | 952,039 |

For the three months ended March 31, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) are described in Note 27. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company entities.

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (Notes 7 and 34)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
 - 11) Information on investees (Table 7)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments are its computer-related segment, fiber optics segment, home appliance segment and others segment. The related information is as follows:

a. Information of reportable segments' gains and losses

| | For the Three Months Ended March 31, 2019 | | | | |
|---|---|------------------|------------------|------------------|--------------------|
| | Computer-Related | Fiber Optics | Home Appliance | Others | Total |
| Revenue from external customers | \$ 4,043,785 | \$ 92,489 | \$ 1,336,523 | \$ 8,935 | \$ 5,481,732 |
| Intersegment revenue | <u>6,461,925</u> | <u>87,077</u> | <u>149,470</u> | <u>59,208</u> | <u>6,757,680</u> |
| Segment revenue | <u>10,505,710</u> | <u>179,566</u> | <u>1,485,993</u> | <u>68,143</u> | <u>12,239,412</u> |
| Eliminations | | | | | <u>(6,757,680)</u> |
| Consolidated revenue | | | | | <u>5,481,732</u> |
| Segment income | <u>\$ 387,793</u> | <u>\$ 17,870</u> | <u>\$ 78,242</u> | <u>\$ 10,650</u> | <u>\$ 494,555</u> |
| Reportable segment other income | | | | | \$ 20,585 |
| Reportable segment other gains and losses | | | | | (37,887) |
| Reportable segment compensation of management personnel | | | | | (20,717) |
| Reportable segment finance costs | | | | | (23,595) |
| Share of loss of associates accounted for using the equity method | | | | | <u>(1,034)</u> |
| Reportable segment income before income tax | | | | | <u>\$ 431,907</u> |

| | For the Three Months Ended March 31, 2018 | | | | |
|---|---|------------------|------------------|-----------------|--------------------|
| | Computer-Related | Fiber Optics | Home Appliance | Others | Total |
| Revenue from external customers | \$ 3,509,597 | \$ 112,658 | \$ 1,100,109 | \$ 8,602 | \$ 4,730,966 |
| Intersegment revenue | <u>5,874,276</u> | <u>166,819</u> | <u>458,748</u> | <u>50,701</u> | <u>6,550,544</u> |
| Segment revenue | <u>9,383,873</u> | <u>279,477</u> | <u>1,558,857</u> | <u>59,303</u> | <u>11,281,510</u> |
| Eliminations | | | | | <u>(6,550,544)</u> |
| Consolidated revenue | | | | | <u>4,730,966</u> |
| Segment income | <u>\$ 321,126</u> | <u>\$ 25,538</u> | <u>\$ 5,207</u> | <u>\$ 8,851</u> | <u>\$ 360,722</u> |
| Reportable segment other income | | | | | \$ 16,983 |
| Reportable segment other gains and losses | | | | | (75,428) |
| Reportable segment compensation of management personnel | | | | | (26,101) |
| Reportable segment finance costs | | | | | (11,297) |
| Share of loss of associates accounted for using the equity method | | | | | <u>(999)</u> |
| Reportable segment income before income tax | | | | | <u>\$ 263,880</u> |

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, other gain and loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total asset and liabilities

As the measured amount of the consolidated company's assets and liabilities has not been provided to the operating decision makers, the items will not be disclosed.

TABLE 1

BIZLINK HOLDING INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. (Note 1) | Lender | Borrower | Financial Statement Account | Related Party | Highest Balance for the Period (Note 4) | Ending Balance (Notes 4 and 5) | Actual Borrowing Amount | Interest Rate (%) | Nature of Financing (Note 2) | Business Transaction Amount | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 3) | Aggregate Financing Limit (Note 3) |
|-----------------|--|---|--|---------------|--|-----------------------------------|-------------------------|-------------------|---------------------------------|-----------------------------|-----------------------------------|-------------------------------|------------|-------|---|---------------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | BizLink Holding Inc. | BizLink (BVI) Corp. | Other receivables from related parties | Yes | \$ 2,465,600 | \$ - | \$ - | - | 2 | \$ - | Operating capital financing funds | \$ - | - | - | \$ 3,808,221 | \$ 3,808,221 |
| | | BizLink (BVI) Corp. | Other receivables from related parties | Yes | 2,465,600 | 2,465,600 | 1,664,280 | - | 2 | - | Operating capital financing funds | - | - | - | 3,808,221 | 3,808,221 |
| 1 | OptiWorks (Shanghai) Limited | OptiWorks (Kunshan) Limited | Other receivables from related parties | Yes | 36,617 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | OptiWorks (Kunshan) Limited | Other receivables from related parties | Yes | 68,657 | 68,657 | 68,657 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 36,617 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | Teralux Technology Co., Ltd. | Other receivables from related parties | Yes | 54,925 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 2 | BizLink (BVI) Corp. | BizLink Holding Inc. | Other receivables from related parties | Yes | 1,078,700 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Holding Inc. | Other receivables from related parties | Yes | 1,078,700 | 1,078,700 | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink International Corp. | Other receivables from related parties | Yes | 308,200 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink International Corp. | Other receivables from related parties | Yes | 462,300 | 462,300 | 90,919 | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Technology (Slovakia) S.R.O. | Other receivables from related parties | Yes | 467,247 | 467,247 | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 3 | Hwa Zhan Electronics Corp. (Shen Zhen) | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 125,871 | 125,871 | 125,871 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 4 | BizLink (Kun Shan) Co., Ltd. | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 48,060 | - | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 45,771 | 45,771 | 45,771 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 5 | BizLink Electronics (Xiamen) Co., Ltd. | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 48,975 | 48,975 | 48,975 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 45,771 | 45,771 | 45,771 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 6 | BizLink Technology (Belgium) NV | BizLink Technology (Slovakia) S.R.O. | Other receivables from related parties | Yes | 173,054 | 173,054 | - | - | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | BizLink Technology (Slovakia) S.R.O. | Other receivables from related parties | Yes | 173,054 | 173,054 | 165,039 | 0.673-0.688 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 7 | BizLink Technology (Slovakia) S.R.O. | BizLink Technology SRB D.O.O. | Other receivables from related parties | Yes | 34,611 | 34,611 | 34,611 | 0.684 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| 8 | BizLink Technology (Xiamen) Limited | BizLink Technology (Chang Zhou) Limited | Other receivables from related parties | Yes | 114,428 | 114,428 | 114,428 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |
| | | Teralux Technology Co., Ltd. | Other receivables from related parties | Yes | 70,945 | 70,945 | 70,945 | 4.35 | 2 | - | Operating capital financing funds | - | - | - | 18,009,654 | 18,009,654 |

Note 1: “0” for the issuer.
Investees are numbered from “1”.

Note 2: Number 1 represents business relationship between companies or firms.
Number 2 represents short-term financing is necessary between companies or firms.

(Continued)

Note 3: a. The companies and firms have business relationship or short-term financing necessary with BizLink; accumulated financing amount shall not exceed 40% of the net asset value of BizLink.

 b. The amount of BizLink’s fund to individual loan shall not exceed 20% of the net asset value of BizLink.

 c. For short-term financing necessary by the enterprises (limited to the subsidiary or related enterprises), the financing amount on each individual loan shall not exceed 40% of the net asset value of BizLink.

 d. For short-term financing or business relationship, the fund for the loan, which is the total amount, shall not exceed 40% of the net asset value of BizLink. But loans for business relationship, the amount, which is limited as mentioned above, shall not be higher than the purchase or sale amount of BizLink in the most recent year or when the loans are provided; the higher value is final.

 e. The loan between the companies, which are held by BizLink, directly and indirectly 100% percent of the voting shares, is not limited by items a, b, c, and d above. The individual loan amount and total amount of loans shall not exceed the total amount of the assets of the ultimate parent company of the Company receiving the loan at the loan time.

Note 4: The highest balance for the period and ending balance present in NT\$. Foreign currencies are converted into NT\$; the exchange rate was US\$1=NT\$30.8200, RMB1=NT\$4.5771, EUR1=NT\$34.6109 as of March 31, 2019.

Note 5: The amount was eliminated upon consolidation.

(Concluded)

TABLE 2

BIZLINK HOLDING INC. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| No. (Note 1) | Endorser/Guarantor Provider | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party | Maximum Amount Endorsed/ Guaranteed During the Period (Note 5) | Outstanding Endorsement/ Guarantee at the End of the Period (Notes 4 and 5) | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 3) | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China |
|-----------------|---|--|--------------------------|---|--|---|-------------------------------|--|---|--|--|--|---|
| | | Name | Relationship (Note 2) | | | | | | | | | | |
| 0 | BizLink Holding Inc. | BizLink (BVI) Corp. | b | \$ 90,048,270 | \$ 2,173,118 (US\$ 70,510) | \$ 2,173,118 (US\$ 70,510) | \$ 148,819 (US\$ 4,829) | \$ - | 22.83 | \$ 90,048,270 | Y | N | N |
| | | BizLink Technology Inc. | b | 90,048,270 | 154,100 (US\$ 5,000) | 154,100 (US\$ 5,000) | - | - | 1.62 | 90,048,270 | Y | N | N |
| | | BizLink Technology (S.E.A.) Sdn. Bhd. | b | 90,048,270 | 7,552 (MYR 1,000) | 7,552 (MYR 1,000) | - | - | 0.08 | 90,048,270 | Y | N | N |
| | | BizLink (BVI) Corp. Taiwan Branch | b | 90,048,270 | 61,640 (US\$ 2,000) | 61,640 (US\$ 2,000) | - | - | 0.65 | 90,048,270 | Y | N | N |
| | | BizLink International Corp. | b | 90,048,270 | 30,000 | 30,000 | - | - | 0.32 | 90,048,270 | Y | N | N |
| | | BizLink Technology (Slovakia) S.R.O. | b | 90,048,270 | 123,280 (US\$ 4,000) | 123,280 (US\$ 4,000) | 123,280 (US\$ 4,000) | - | 1.29 | 90,048,270 | Y | N | N |
| | | BizLink Technology (Xiamen) Limited, BizLink Technology (Chang Zhou) Limited, BizLink (Kun Shan) Co., Ltd. and Xiang Yao Electronics (Shen Zhen) Co., Ltd. | b | 90,048,270 | 814,726 (RMB 178,000) | 814,726 (RMB 178,000) | 161,242 (RMB 35,228) | - | 8.56 | 90,048,270 | Y | N | Y |
| 1 | BizLink Technology Inc. | BizLink Tech Inc. | b | 90,048,270 | 133,014 (US\$ 4,316) | 133,014 (US\$ 4,316) | 68,995 (US\$ 2,239) | - | 1.40 | 90,048,270 | N | N | N |
| 0 and 2 | BizLink Holding Inc., BizLink International Corp. | BizLink (BVI) Corp. | b | 90,048,270 | 462,300 (US\$ 15,000) | 462,300 (US\$ 15,000) | 21,052 (US\$ 683) | - | 4.86 | 90,048,270 | Y | N | N |
| 0, 2 and 3 | BizLink Holding Inc., BizLink International Corp. and BizLink (BVI) Corp. | BizLink (BVI) Corp. and BizLink International Corp. | b | 90,048,270 | 308,200 (US\$ 10,000) | 308,200 (US\$ 10,000) | 142,351 (US\$ 4,619) | - | 3.24 | 90,048,270 | Y | N | N |
| | | BizLink Technology (Slovakia) S.R.O. | b | 90,048,270 | 308,200 (US\$ 10,000) | 308,200 (US\$ 10,000) | 34,606 (US\$ 1,123) | - | 3.24 | 90,048,270 | Y | N | N |
| | | BizLink Technology (Chang Zhou) Limited | b | 90,048,270 | 308,200 (US\$ 10,000) | 308,200 (US\$ 10,000) | - | - | 3.24 | 90,048,270 | Y | N | Y |
| 3 | BizLink (BVI) Corp. | BizLink Technology SRB D.O.O. | b | 90,048,270 | 142,370 (EUR 4,113) | 142,370 (EUR 4,113) | 142,370 (EUR 4,113) | 160,264 | 1.50 | 90,048,270 | N | N | N |

Note 1: “0” for the issuer.
Investees are numbered from “1”.

Note 2: Six kinds of relationship information of endorser and endorsee to be noted.

- a. A company with which it has business relationship.
- b. A subsidiary which directly holds more than 50% of common stocks.
- c. An investee company of which over 50% is jointly owned by the BizLink and its subsidiaries.
- d. The parent company holds directly and indirectly more than 50% of the common stock of the subsidiaries.
- e. Guaranteed by the Company according to the construction contract.
- f. All capital contributing stockholders make endorsements or guarantees for their jointly invested company in proportion to their stockholding percentage.

(Continued)

Note 3: The regulation of endorsement guarantee provided by BizLink:

- a. The amount of endorsement provided by BizLink as whole shall be limited to 50% of the net value of BizLink.
- b. The amount of endorsement for a single enterprise is limited to not more than 40% of the net value of BizLink.
- c. The endorsement between the subsidiaries which the Company and ultimate parent company of the Company directly and indirectly hold 100% voting rights stock, the amount of the endorsement mentioned above shall not exceed five times of the total assets of the ultimate parent company of the Company who provides the endorsement.

Note 4: The amount was eliminated upon consolidation.

Note 5: The highest balance for the period and ending balance present in NT\$. Foreign currencies are converted into NT\$; the exchange rate was US\$1=NT\$30.8200; MYR1=NT\$7.5521, RMB1=4.5771 and EUR1=NT\$34.6109 as of March 31, 2019.

(Concluded)

TABLE 3**BIZLINK HOLDING INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****MARCH 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities (Note 1) | Relationship with the Holding Company | Financial Statement Account | March 31, 2019 | | | | Note |
|------------------------------|---|---------------------------------------|--|-----------------|-------------------------|-----------------------------|---------------------|------|
| | | | | Number of Stock | Carrying Value (Note 2) | Percentage of Ownership (%) | Fair Value (Note 2) | |
| BizLink Holding Inc. | <u>Stocks</u> | | | | | | | |
| | Lilee Systems, Ltd. | - | Financial assets at FVTOCI - non-current | 142,857 | \$ - | 1.20 | \$ - | - |
| | Tilopa Holding Inc. | Substantive related party | Financial assets at FVTOCI - non-current | 2,400,000 | 102,773 | 18.00 | 102,773 | - |
| BizLink Technology Inc. | <u>Stocks</u> | | | | | | | |
| | Wells Fargo & Co. | - | Financial assets at FVTPL - current | 400 | 596 | - | 596 | - |
| | Transocean Ltd. | - | Financial assets at FVTPL - current | 800 | 215 | - | 215 | - |
| | CNOOC Ltd. | - | Financial assets at FVTPL - current | 200 | 1,145 | - | 1,145 | - |
| | Walt Disney Co. | - | Financial assets at FVTPL - current | 100 | 342 | - | 342 | - |
| BizLink (BVI) Corp. | <u>Stocks</u> | | | | | | | |
| | Rainbow Star Group Limited (Note 5) | - | Financial assets at FVTOCI - non-current | 20,000 | 33,140 | 26.05 | 33,140 | - |
| | Lintes Technology Co., Ltd. | - | Financial assets at FVTOCI - non-current | 2,125,580 | 215,789 | 4.17 | 215,789 | - |
| | Prime Rich International Co., Ltd. | - | Financial assets at FVTOCI - non-current | 600,000 | 47,894 | 6.67 | 47,894 | - |
| BizLink International Corp. | <u>Stocks</u> | | | | | | | |
| | Anqing Innovation Co., Ltd. | - | Financial assets at FVTOCI - non-current | 2,076,000 | 15,723 | 4.50 | 15,723 | - |
| | Lintes Technology Co., Ltd. | - | Financial assets at FVTOCI - non-current | 235,382 | 23,896 | 0.46 | 23,896 | - |
| Zellwood International Corp. | <u>Equity investments</u> | | | | | | | |
| | Amed Venture I, L.P. | - | Financial assets at FVTOCI - non-current | Note 3 | 12,318 | 8.00 | 12,318 | - |
| Bizwide Limited | <u>Equity investments</u> | | | | | | | |
| | Datlink Electronic (Shenzhen) Co., Ltd. | - | Financial assets at FVTOCI - non-current | Note 3 | 1,228 | 9.00 | 1,228 | - |

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial Instruments”.

Note 2: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$; the exchange rate was US\$1=NT\$30.8200 as of March 31, 2019.

Note 3: The Company is a “limited company” without stock issuance.

Note 4: Investments in subsidiaries, associates and joint ventures information (refer to Tables 7 and 8).

Note 5: BizLink is not able to exercise significant influence over the Company; therefore, marketable securities are measured at FVTOCI.

TABLE 4

BIZLINK HOLDING INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts Payable or Receivable | | Note |
|---|---|-------------------------|---------------------|--------------|---------------|---------------|---|--|--------------------------------------|---------------|--------|
| | | | Purchase/ Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| BizLink (BVI) Corp. | BizLink Technology Inc. | The same parent company | Sales | \$ 1,296,221 | 30 | 1-365 days | Set by agreement of both parties (Note 4) | Net 0-120 days from the end of the month of when invoice is issued | \$ 1,922,843 | 30 | Note 2 |
| | BizLink (Kun Shan) Co., Ltd. | The same parent company | Sales | 843,869 | 20 | 0-180 days | Profit 0%-10% (Note 4) | Net 0-120 days from the end of the month of when invoice is issued | 1,743,133 | 28 | Note 2 |
| | BizLink Technology (Ireland) Ltd. | The same parent company | Sales | 924,733 | 22 | 0-365 days | Set by agreement of both parties (Note 4) | Net 0-120 days from the end of the month of when invoice is issued | 1,359,056 | 21 | Note 2 |
| | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | The same parent company | Sales | 196,736 | 5 | 90-365 days | Profit 0%-10% (Note 4) | Net 0-120 days from the end of the month of when invoice is issued | 280,826 | 4 | Note 2 |
| BizLink (Kun Shan) Co., Ltd. | BizLink (BVI) Corp. | The same parent company | Sales | 2,106,633 | 93 | 0-120 days | BVI sale price 90%-100% (Note 4) | Net 0-120 days from the end of the month of when invoice is issued | 2,802,919 | 94 | Note 2 |
| Xiang Yao Electronics (Shen Zhen) Co., Ltd. | BizLink (BVI) Corp. | The same parent company | Sales | 590,636 | 100 | 1-365 days | Profit 0%-21% (Note 4) | 1-365 days (Note 5) | 1,055,101 | 100 | Note 2 |

Note 1: The above amounts of asses accounts and liabilities accounts are converted by exchange rate US\$1=30.8200 into NT\$ as of March 31, 2019. The amounts of income accounts are converted by quarterly average exchange rate US\$1=30.8297 into NT\$ as of March 31, 2019.

Note 2: The amount was eliminated upon consolidation.

Note 3: Trade receivables from related parties.

Note 4: For the general customer, the sale prices were based on active market prices.

Note 5: There is no sales to unrelated parties.

(Concluded)

TABLE 5

BIZLINK HOLDING INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2019
(In Thousands of New Taiwan Dollars, shares and foreign currencies)**

| Company Name | Related Party | Relationship | Ending Balance (Note 1) | Turnover Rate | Overdue | | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---|---|-------------------------|----------------------------|----------------|---------|---------------|---|-------------------------------------|
| | | | | | Amount | Actions Taken | | |
| <u>Trade receivables</u> | | | | | | | | |
| BizLink (BVI) Corp. | BizLink Technology Inc. | The same parent company | \$ 1,922,843 | 2.57 | \$ - | - | \$ 441,851 | \$ - |
| BizLink (BVI) Corp. | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | The same parent company | 280,826 | 2.51 | - | - | 88,005 | - |
| BizLink (BVI) Corp. | BizLink (Kun Shan) Co., Ltd. | The same parent company | 1,743,133 | 1.74 | - | - | 686,896 | - |
| BizLink (BVI) Corp. | BizLink Technology (Ireland) Ltd. | The same parent company | 1,359,056 | 2.84 | - | - | 259,793 | - |
| OptiWorks (Kunshan) Limited | BizLink (BVI) Corp. | The same parent company | 101,298 | 1.79 | - | - | 21,076 | - |
| BizLink (Kun Shan) Co., Ltd. | BizLink (BVI) Corp. | The same parent company | 2,802,919 | 2.96 | - | - | 970,830 | - |
| BizLink Electronics (Xiamen) Co., Ltd. | BizLink (BVI) Corp. | The same parent company | 119,228 | 2.47 | - | - | 39,876 | - |
| TongYing Electronics (Shen Zhen) Ltd. | BizLink (BVI) Corp. | The same parent company | 256,615 | 0.89 | - | - | 18,809 | - |
| Xiang Yao Electronics (Shen Zhen) Co., Ltd. | BizLink (BVI) Corp. | The same parent company | 1,055,101 | 0.28 | - | - | 167,692 | - |
| <u>Other receivables</u> | | | | | | | | |
| BizLink Holding Inc. | BizLink (BVI) Corp. | Subsidiary | 1,805,627 | Not applicable | - | - | - | - |
| BizLink (BVI) Corp. | BizLink International Corp. | The same parent company | 100,028 | Not applicable | - | - | - | - |
| BizLink (BVI) Corp. | BizLink (Kun Shan) Co., Ltd. | The same parent company | 102,076 | Not applicable | - | - | - | - |
| Hwa Zhan Electronics Corp. (Shen Zhen) | BizLink Technology (Chang Zhou) Limited | The same parent company | 126,053 | Not applicable | - | - | - | - |
| BizLink Technology (Belgium) NV | BizLink Technology (Slovakia) S.R.O. | The same parent company | 165,039 | Not applicable | - | - | - | - |
| BizLink Electronics (Xiamen) Co., Ltd. | BizLink Technology (Chang Zhou) Limited | The same parent company | 115,644 | Not applicable | - | - | - | - |

Note 1: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$; the exchange rate was US\$1=NT\$30.8200 as of March 31, 2019.

Note 2: The amount was eliminated upon consolidation.

TABLE 6

BIZLINK HOLDING AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(Amounts in Thousands of New Taiwan Dollars)**

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | | |
|-----------------|------------------------------|---|--------------------------|-----------------------------|------------|---|---|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets (Note 3) |
| 0 | BizLink Holding Inc. | BizLink Technology Inc. | 1 | Endorsements/guarantees | \$ 154,100 | | 0.86 |
| | | BizLink (BVI) Corp. | 1 | Endorsements/guarantees | 2,943,618 | | 16.34 |
| | | BizLink (BVI) Corp. Taiwan Branch | 1 | Endorsements/guarantees | 61,640 | | 0.34 |
| | | BizLink International Corp. | 1 | Endorsements/guarantees | 338,200 | | 1.88 |
| | | BizLink Technology (Slovakia) S.R.O. | 1 | Endorsements/guarantees | 431,480 | | 2.40 |
| | | BizLink Technology (Xiamen) Limited | 1 | Endorsements/guarantees | 814,726 | | 4.52 |
| | | BizLink Technology (Chang Zhou) Limited | 1 | Endorsements/guarantees | 1,122,926 | | 6.24 |
| | | BizLink (Kun Shan) Co., Ltd. | 1 | Endorsements/guarantees | 814,726 | | 4.52 |
| | | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | 1 | Endorsements/guarantees | 814,726 | | 4.52 |
| | | BizLink (BVI) Corp. | 1 | Other receivables | 1,805,627 | | 10.03 |
| 1 | BizLink Technology Inc. | BizLink (BVI) Corp. | 3 | Sales | 54,284 | Markup 5% of purchase price and payment term 30-120 days | 0.99 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 77,087 | Markup 5% of purchase price and payment term 30-120 days | 0.43 |
| | | BizLink Tech Inc. | 3 | Endorsements/guarantees | 133,014 | | 0.74 |
| 2 | OptiWorks (Shanghai) Limited | OptiWorks (Kunshan) Limited | 3 | Other receivables | 68,657 | | 0.38 |
| 3 | OptiWorks (Kunshan) Limited | BizLink (BVI) Corp. | 3 | Sales | 43,060 | Sale price is 100% of BIZLINK BVI sale price and payment term 0-90 days | 0.79 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 101,298 | Sale price is 100% of BIZLINK BVI sale price and payment term 0-90 days | 0.56 |
| 4 | BizLink (BVI) Corp. | BizLink International Corp. | 3 | Endorsements/guarantees | 308,200 | | 1.71 |
| | | BizLink Technology (Slovakia) S.R.O. | 3 | Endorsements/guarantees | 308,200 | | 1.71 |
| | | BizLink Technology SRB D.O.O. | 3 | Endorsements/guarantees | 142,370 | | 0.79 |
| | | BizLink Technology (Chang Zhou) Limited | 3 | Endorsements/guarantees | 308,200 | | 1.71 |
| | | BizLink Technology Inc. | 3 | Sales | 1,296,221 | Set by agreement of both parties and payment term 1-365 days | 23.65 |
| | | BizLink Technology Inc. | 3 | Trade receivables | 1,922,843 | Set by agreement of both parties and payment term 1-365 days | 10.68 |
| | | OptiWorks Inc. | 3 | Sales | 42,903 | Sale price is 100% of BIZLINK BVI purchase price and payment term 0-90 days | 0.78 |
| | | Hwa Zhan Electronics Corp. (Shen Zhen) | 3 | Trade receivables | 38,074 | Profit 0%-8% and payment term 0-365 days | 0.21 |
| | | BizLink International Corp. | 3 | Other receivables | 100,028 | | 0.56 |

(Continued)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | | |
|-----------------|--|---|--------------------------|-----------------------------|------------|---|---|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets (Note 3) |
| | | BizLink (Kun Shan) Co., Ltd. | 3 | Sales | \$ 843,869 | Profit 0%-10% and payment term 0-180 days | 15.39 |
| | | BizLink (Kun Shan) Co., Ltd. | 3 | Trade receivables | 1,743,133 | Profit 0%-10% and payment term 0-180 days | 9.68 |
| | | BizLink Electronics (Xiamen) Co., Ltd. | 3 | Sales | 62,335 | Profit 0%-2% and payment term from 0 to 90 days | 1.14 |
| | | BizLink Electronics (Xiamen) Co., Ltd. | 3 | Trade receivables | 63,523 | Profit 0%-2% and payment term from 0 to 90 days | 0.35 |
| | | BizLink Tech Inc. | 3 | Trade receivables | 38,392 | Set by agreement of both parties and payment term 0-140 days | 0.21 |
| | | Accell Corp. | 3 | Other receivables | 47,548 | | 0.26 |
| | | BizLink Technology (Ireland) Ltd. | 3 | Sales | 924,733 | Set by agreement of both parties and payment term 0-365 days | 16.87 |
| | | BizLink Technology (Ireland) Ltd. | 3 | Trade receivables | 1,359,056 | Set by agreement of both parties and payment term 0-365 days | 7.55 |
| | | BizLink (Kun Shan) Co., Ltd. | 3 | Other receivables | 102,076 | | 0.57 |
| | | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | 3 | Sales | 196,736 | Profit 0%-10% and payment term 90-365 days | 3.59 |
| | | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | 3 | Trade receivables | 280,826 | Profit 0%-10% and payment term 90-365 days | 1.56 |
| 5 | Hwa Zhan Electronics Corp. (Shen Zhen) | BizLink Technology (Chang Zhou) Limited | 3 | Other receivables | 126,053 | | 0.70 |
| 6 | BizLink International Corp. | BizLink (BVI) Corp. | 3 | Endorsements/guarantees | 770,550 | | 4.28 |
| | | BizLink Technology (Slovakia) S.R.O. | 3 | Endorsements/guarantees | 308,200 | | 1.71 |
| | | BizLink Technology (Chang Zhou) Limited | 3 | Endorsements/guarantees | 308,200 | | 1.71 |
| 7 | BizLink (Kun Shan) Co., Ltd. | BizLink (BVI) Corp. | 3 | Sales | 2,106,633 | Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-120 days | 38.43 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 2,802,919 | Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-120 days | 15.56 |
| | | BizLink Technology (Chang Zhou) Limited | 3 | Other receivables | 45,834 | | 0.25 |
| 8 | Adel Enterprises Corp. | TongYing Electronics (Shen Zhen) Ltd. | 3 | Other receivables | 52,632 | | 0.29 |
| | | Asia Wick Ltd. | 3 | Other receivables | 31,469 | | 0.17 |
| 9 | BizLink Electronics (Xiamen) Co., Ltd. | BizLink (BVI) Corp. | 3 | Sales | 79,331 | Sale price is 100% of BIZLINK BVI sale price and payment term 0-120 days | 1.45 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 119,228 | Sale price is 100% of BIZLINK BVI sale price and payment term 0-120 days | 0.66 |
| | | BizLink Technology (Chang Zhou) Limited | 3 | Other receivables | 94,884 | | 0.53 |
| 10 | TongYing Electronics (Shen Zhen) Ltd. | BizLink (BVI) Corp. | 3 | Sales | 56,572 | Sale price is 98%-100% of BIZLINK BVI sale price and payment term 30-365 days | 1.03 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 256,615 | Sale price is 98%-100% of BIZLINK BVI sale price and payment term 30-365 days | 1.42 |
| 11 | BizLink Tech Inc. | BizLink Technology Inc. | 3 | Sales | 37,636 | Payment term 30-90 days | 0.69 |
| | | BizLink Technology Inc. | 3 | Trade receivables | 31,509 | Payment term 30-90 days | 0.17 |

(Continued)

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | | |
|-----------------|---|---|--------------------------|-----------------------------|------------|--|--|
| | | | | Financial Statement Account | Amount | Payment Terms | % of Total Sales or Assets (Note 3) |
| 12 | Xiang Yao Electronics (Shen Zhen) Co., Ltd. | BizLink (BVI) Corp. | 3 | Sales | \$ 590,636 | Profit 0%-21% and payment term 1-365 days | 10.77 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 1,055,101 | Profit 0%-21% and payment term 1-365 days | 5.86 |
| 13 | Bizconn International Corp. (China) | BizLink (BVI) Corp. | 3 | Sales | 70,526 | Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-365 days | 1.29 |
| | | BizLink (BVI) Corp. | 3 | Trade receivables | 77,525 | Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-365 days | 0.43 |
| | | BizLink (Kun Shan) Co., Ltd. | 3 | Trade receivables | 66,608 | Set by agreement of both parties and payment term 90-120 days | 0.37 |
| 14 | BizLink Technology (Xiamen) Limited | Teralux Technology Co., Ltd. | 3 | Other receivables | 71,048 | Markup 5% of purchase price and payment term 0-60 days | 0.39 |
| | | BizLink Technology (Belgium) NV | 3 | Sales | 55,030 | | 1.00 |
| | | BizLink Technology (Belgium) NV | 3 | Trade receivables | 55,191 | | 0.31 |
| | | BizLink Technology (Chang Zhou) Limited | 3 | Other receivables | 115,644 | | 0.64 |
| 15 | BizLink Technology (Belgium) NV | BizLink Technology (Slovakia) S.R.O. | 3 | Other receivables | 165,039 | | 0.92 |
| 16 | BizLink Technology (Slovakia) S.R.O. | BizLink Technology SRB D.O.O. | 3 | Other receivables | 34,611 | | 0.19 |
| 17 | BizLink Technology SRB D.O.O. | BizLink Technology (Slovakia) S.R.O. | 3 | Sales | 44,822 | Markup 5% of purchase price and payment term 0-30 days | 0.82 |
| 18 | Bizconn International Corporation | BizLink (BVI) Corp. | 3 | Other receivables | 44,568 | | 0.25 |

Note 1: Intercompany transactions information between parent company and subsidiaries are noted within the number column as follows:

- “0” for the parent company.
- Subsidiaries are numbered from “1”

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

- “1” represents transactions from parent company to subsidiaries.
- “2” represents transactions from subsidiaries to parent company.
- “3” represents transactions between subsidiaries.

Note 3: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: The above amounts of asset account and liability account are converted by exchange rate US\$1=30.8200 into New Taiwan dollar as of March 31, 2019. The amounts of income accounts are converted by quarterly average exchange rate US\$1=30.8297 into New Taiwan dollar as of March 31, 2019.

(Concluded)

TABLE 7

BIZLINK HOLDING INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars and Foreign Currencies, Unless Specified Otherwise)

| Investor Company | Investee Company | Location (Note 4) | Main Businesses and Products | Original Investment Amount | | As of March 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 2) | Note |
|------------------|--|---------------------------------|---|----------------------------|----------------------------|--------------------------|--------|----------------|-----------------------------------|---------------------------------|------------------------|
| | | | | March 31, 2019 | March 31, 2018 | Number of Stock (Shares) | % | Carrying Value | | | |
| BizLink | BizLink Technology Inc. | CA 94538, USA | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | \$ 120,814 (US\$ 3,920) | \$ 120,814 (US\$ 3,920) | 10,000 | 100.00 | \$ 878,011 | \$ 28,113 | \$ 27,754 | Subsidiary (Note 1) |
| | BizLink (BVI) Corp. | Tortola, British Virgin Islands | (1) Wholesale and retail of cable assemblies, connectors, power cords, (2) wholesale and retail of computer peripheral products and electronic materials, (3) international trade, and (4) various investment activities. | 1,541 (US\$ 50) | 1,541 (US\$ 50) | 50,000 | 100.00 | 805,326 | 39,611 | 74,097 | Subsidiary (Note 1) |
| | BizLink International Corp. | Zhonghe Dist., New Taipei City | (1) Wholesale of cable assemblies, connectors and power cords, (2) international trade, and (3) financial center for BizLink's Asian operations. | 70,000 | 70,000 | 70,000 | 100.00 | 109,083 | 2,842 | 2,798 | Subsidiary (Note 1) |
| | Zellwood International Corp. | Tortola, British Virgin Islands | Various investment activities. | 77,050 (US\$ 2,500) | 77,050 (US\$ 2,500) | 2,500,000 | 100.00 | 2,158,111 | 157,776 | 160,322 | Subsidiary (Note 1) |
| | BizLink Technology (S.E.A.) Sdn. Bhd. | Johor, Malaysia | (1) Design, manufacture and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 9,062 (MYR 1,200) | 9,062 (MYR 1,200) | 1,200,000 | 100.00 | 493,638 | 10,287 | 10,287 | Subsidiary (Note 1) |
| | Adel Enterprises Corp. | Tortola, British Virgin Islands | (1) Wholesale and retail of cable assemblies, connectors, and power cords, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 50,853 (US\$ 1,650) | 50,853 (US\$ 1,650) | 1,650,000 | 100.00 | 494,907 | 7,707 | 8,574 | Subsidiary (Note 1) |
| | BizLink Tech Inc. | El Paso, TX 79912 USA | (1) Design, manufacture, and sale of cable assemblies, (2) wholesale and retail of computer peripheral products and electronic materials, (3) production of fiberfill moldings, and (4) international business trade. | 278,921 (US\$ 9,050) | 278,921 (US\$ 9,050) | 180,000 | 100.00 | 270,686 | (2,020) | (3,333) | Subsidiary (Note 1) |
| | Accell Corp. | CA 94538, USA | (1) Wholesale and retail of brand name connectors, cables and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) its own brand name. | - | - | 10,000 | 100.00 | (20,590) | (4,923) | (4,923) | Subsidiary (Note 1) |
| | BizLink Technology (Ireland) Ltd. | Dublin 24, Ireland | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 9,246 (US\$ 300) | 9,246 (US\$ 300) | 300,000 | 100.00 | 670,177 | 21,895 | 22,060 | Subsidiary (Note 1) |
| | BizLink Japan | Tokyo, Japan 108-0073 | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 2,786 (JPY 10,000) | 2,786 (JPY 10,000) | 200 | 100.00 | 4,275 | 216 | 216 | Subsidiary (Note 1) |
| | Bizwide Limited | Central, Hong Kong | Various investment activities. | - | - | 10,000 | 100.00 | 993,909 | (9,296) | (9,825) | Subsidiary (Note 1) |
| | Bizconn Technology Inc. | CA 94538, USA | (1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | - | - | - | 100.00 | - | - | - | Subsidiary (Note 1) |
| | EA Cable Assemblies (Hong Kong) Co., Limited | Wan Chai, Hong Kong | Various investment activities. | 854,036 (EUR 24,676) | 854,036 (EUR 24,676) | 10,000 | 100.00 | 1,292,610 | 69,347 | 68,836 | Subsidiary (Note 1) |
| | EA Cable Assemblies GmbH | Nuremberg, German | (1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade. | 22,808 (EUR 659) | 22,808 (EUR 659) | 1 | 100.00 | 30,912 | (2,161) | (2,161) | Subsidiary (Note 1) |

(Continued)

| Investor Company | Investee Company | Location (Note 4) | Main Businesses and Products | Original Investment Amount | | As of March 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) (Note 2) | Note |
|---------------------------------------|---|-------------------------------|--|----------------------------|-----------------|----------------------|--------|----------------|-----------------------------------|---------------------------------|--------------------------|
| | | | | March 31, 2019 | March 31, 2018 | Number of Stock | % | Carrying Value | | | |
| | BizLink Technology (Belgium) NV | Hasselt, Belgium | (1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade. | \$ 426,603 | \$ 426,603 | 915 | 100.00 | \$ 520,734 | \$ 18,206 | \$ 18,206 | Subsidiary (Note 1) |
| | BizLink Technology (Slovakia) S.R.O. | Trencin, Slovakia | (1) Manufacture and assembly of cable harnesses for electrical appliance, and (2) wholesale and retail of cable assemblies and power cords. | (EUR 12,326) | (EUR 12,326) | (Note 4) | 100.00 | 732,510 | (28,439) | (28,439) | Subsidiary (Note 1) |
| | OW Holding Inc. | Grand Cayman, Cayman Islands | Various investment activities. | (EUR 1,011,893) | (EUR 1,011,893) | | | | | | |
| BizLink Technology Inc. | | | | (EUR 29,237) | (EUR 29,237) | | | | | | |
| | OW Holding Inc. | Grand Cayman, Cayman Islands | Various investment activities. | 463,878 | 463,878 | 1,505,120 | 90.58 | 544,105 | 10,282 | 9,313 | Subsidiary (Note 1) |
| BizLink Technology Inc. | Bobt, LLC | CA 94538,USA | Various leasing activities. | (US\$ 15,051) | (US\$ 15,051) | | | | | | |
| | Bobt, LLC | CA 94538,USA | Various leasing activities. | 61,640 | 61,640 | (Note 4) | 100.00 | 61,421 | (3) | (3) | Sub-subsiidiary (Note 1) |
| BizLink (BVI) Corp. | Jo Yeh Company Limited | Kowloon, Hong Kong | (1) Wholesale and retail of connectors, and (2) international trade. | (US\$ 2,000) | (US\$ 2,000) | | | | | | |
| | Siriustek Inc. | Xinshi Dist., Tainan City | Provide customized LED (light emitting diode) lighting products and solutions. | 120,660 | 120,660 | 10,000 | 100.00 | 163,344 | 715 | 715 | Sub-subsiidiary (Note 1) |
| BizLink International Corp. | | | | (US\$ 3,915) | (US\$ 3,915) | | | | | | |
| | Siriustek Inc. | Xinshi Dist., Tainan City | Provide customized LED (light emitting diode) lighting products and solutions. | 20,000 | 20,000 | 2,000,000 | 40.00 | 11,788 | (2,021) | (808) | - |
| Zellwood International Corp. | AcqaOptics Corp. | Zhubei City, Hsinchu County | Design, manufacture and sale of optical system integration | | | | | | | | |
| | AcqaOptics Corp. | Zhubei City, Hsinchu County | Design, manufacture and sale of optical system integration | 30,000 | - | 12,000,000 | 22.78 | 29,774 | (7,051) | (226) | - |
| Adel Enterprises Corp. | Bizconn International Corporation | APIA, SAMOA | Various investment activities. | | | | | | | | |
| | Bizconn International Corporation | APIA, SAMOA | Various investment activities. | 51,377 | 51,377 | 1,666,667 | 100.00 | 294,366 | 4,664 | 7,148 | Sub-subsiidiary (Note 1) |
| BizLink Technology (S.E.A.) Sdn. Bhd. | Asia Wick Ltd. | Central, Hong Kong | Various investment activities. | (US\$ 1,667) | (US\$ 1,667) | | | | | | |
| | Asia Wick Ltd. | Central, Hong Kong | Various investment activities. | - | - | 1,000 | 100.00 | 239,278 | 1,772 | 1,718 | Sub-subsiidiary (Note 1) |
| BizLink Technology (Slovakia) S.R.O. | BizLink Interconnect Technology (India) Private Limited | Chennai 600042, India. | (1) Design, manufacture and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | | | | | | | | |
| | BizLink Interconnect Technology (India) Private Limited | Chennai 600042, India. | (1) Design, manufacture and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade. | 446 | 446 | 100,000 | 100.00 | 2,216 | 64 | 64 | Sub-subsiidiary (Note 1) |
| OW Holding Inc. | BizLink Technology SRB D.O.O. | Prokuplje, Republic of Serbia | (1) Manufacture and assembly of connectors and cable assemblies, and (2) wholesale and retail of cable assemblies, connectors and power cords. | (INR 1,000) | (INR 1,000) | | | | | | |
| | BizLink Technology SRB D.O.O. | Prokuplje, Republic of Serbia | (1) Manufacture and assembly of connectors and cable assemblies, and (2) wholesale and retail of cable assemblies, connectors and power cords. | 985 | 985 | (Note 4) | 100.00 | 74,953 | 217 | 217 | Sub-subsiidiary (Note 1) |
| OW Holding Inc. | OptiWorks Inc. | CA 94538, USA | (1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities. | (RSD 3,357) | (RSD 3,357) | | | | | | |
| | OptiWorks Inc. | CA 94538, USA | (1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities. | 400,660 | 400,660 | 1,400 | 100.00 | 502,862 | 12,579 | 12,579 | Subsidiary (Note 1) |

Note 1: The amount was eliminated upon consolidation.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized gain or loss from upstream transactions and deducts current unrealized gain or loss from upstream transaction.

Note 3: For information of investments in mainland China, refer to Table 8.

Note 4: This company is a “limited company” without stock issuance.

(Concluded)

TABLE 8

BIZLINK HOLDING INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income in the mainland China area:

| Investee Company | Main Businesses and Products | Paid-in Capital (Note 1) | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 13) | Carrying Amount as of March 31, 2019 | Accumulated Repatriation of Investment Income as of March 31, 2019 |
|---|--|-----------------------------|-------------------------------------|--|---------------------|--------|---|---|---|--|--|--|
| | | | | | Outflow | Inflow | | | | | | |
| Bizconn International Corp. (China) | Design, manufacture, sale and assembly of connectors, tooling and cable assemblies. | \$ 80,557 (RMB 17,600) | (2) Note 4 | Note 3 | Note 3 | Note 3 | Note 3 | \$ 4,847 | 100.00 | \$ 4,847 | \$ 252,073 | Note 3 |
| TongYing Electronics (Shen Zhen) Ltd. | Manufacture of wire extrusions and cable assemblies. | 105,756 (HK\$ 26,936) | (2) Note 5 | Note 3 | Note 3 | Note 3 | Note 3 | 5,129 | 100.00 | 5,129 | 271,176 | Note 3 |
| Teralux Technology Co., Ltd. | Research, manufacture and retail of optical and optoelectronic device technology | 28,046 (US\$ 910) | (2) Note 6 | Note 3 | Note 3 | Note 3 | Note 3 | (4,686) | 100.00 | (4,686) | 16,113 | Note 3 |
| OptiWorks (Shanghai) Limited | (1) Manufacture, wholesale and retail of fiber optical passive components and fiber optical cables, and (2) international trade. | 184,920 (US\$ 6,000) | (2) Note 7 | Note 3 | Note 3 | Note 3 | Note 3 | 732 | 90.58 | 663 | 229,194 | Note 3 |
| OptiWorks (Kunshan) Limited | (1) Production and development of optical communications optoelectronic devices, components and modules, and (2) sale of own products. | 92,460 (US\$ 3,000) | (2) Note 7 | Note 3 | Note 3 | Note 3 | Note 3 | 3,213 | 90.58 | 2,910 | 119,941 | Note 3 |
| Xiang Yao Electronics (Shen Zhen) Co., Ltd. | Design, manufacture and sale of cable assemblies, power cords, and connectors. | 30,820 (US\$ 1,000) | (2) Note 8 | Note 3 | Note 3 | Note 3 | Note 3 | 5,658 | 100.00 | 5,658 | 1,004,106 | Note 3 |
| Hwa Zhan Electronics Corp. (Shen Zhen) | Production and operations of computers and communications cables, connectors and fiber jumpers. | 9,816 (HK\$ 2,500) | (2) Note 9 | Note 3 | Note 3 | Note 3 | Note 3 | 17,224 | 100.00 | 17,224 | 349,955 | Note 3 |
| BizLink (Kun Shan) Co., Ltd. | Design, manufacture and sale of cable assemblies, connectors and power cords. | 308,200 (US\$ 10,000) | (2) Note 6 | Note 3 | Note 3 | Note 3 | Note 3 | 153,070 | 100.00 | 153,070 | 1,782,151 | Note 3 |
| BizLink Electronics (Xiamen) Co., Ltd. | Manufacture and assembly of power cords and cables. | 17,259 (US\$ 560) | (2) Note 10 | Note 3 | Note 3 | Note 3 | Note 3 | 8,318 | 100.00 | 8,318 | 209,314 | Note 3 |
| Foshan Nanhai Jo Yeh Electronic Co., Ltd. | Production and operations of electrical appliances, electronic equipment, and plug-in connectors. | 61,640 (US\$ 2,000) | (2) Note 11 | Note 3 | Note 3 | Note 3 | Note 3 | (274) | 100.00 | (274) | 122,199 | Note 3 |
| BizLink Technology (Chang Zhou) Limited | (1) Manufacture of smart instrumentational sensors, instrumentational connectors and instrumentational functional materials, (2) sale of own products, and (3) import and export business. | 154,100 (US\$ 5,000) | (2) Note 12 | Note 3 | Note 3 | Note 3 | Note 3 | 48,798 | 100.00 | 49,127 | 568,067 | Note 3 |
| BizLink Technology (Xiamen) Limited | (1) Wholesale of cable assemblies, connectors and power cords, (2) International trade, and (3) financial center for BizLink's Asian operations. | 101,583 (US\$ 3,296) | (2) Note 12 | Note 3 | Note 3 | Note 3 | Note 3 | 20,230 | 100.00 | 20,220 | 782,924 | Note 3 |

(Continued)

2. Limit on the amount of investment in the mainland China area:

| Accumulated Outflow Remittance for Investment in Mainland China as of March 31, 2019 | Investment Amount Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|--|---|---|
| Note 3 | Note 3 | Note 3 |

Note 1: The paid-in capital amount is converted from invested currency into New Taiwan dollar by balance sheet ending period exchange rate.

Note 2: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in mainland China.
- (2) Through investing in the third area, which then invested in the investee in mainland China.
- (3) Other methods.

Note 3: BizLink is not a company established in Taiwan and therefore is not applicable.

Note 4: Through investing in Bizconn International Corporation, which then invested in the investee in mainland China.

Note 5: Through investing in Asia Wick Ltd., which then invested in the investee in mainland China.

Note 6: Through investing in Zellwood International Corp., which then invested in the investee in mainland China.

Note 7: Through investing in OW Holding Inc. and then OptiWorks, Inc. which then invested in the investee in mainland China.

Note 8: Through investing in Bizwide Limited, which then invested in the investee in mainland China.

Note 9: Through investing in BizLink (BVI) Corp., which then invested in the investee in mainland China.

Note 10: Through investing in Adel Enterprises Corp., which then invested in the investee in mainland China.

Note 11: Through investing in Jo Yeh Company Limited, which then invested in the investee in mainland China.

Note 12: Through investing in EA Cable Assemblies (Hong Kong) Co., Limited, which then invested in the investee in mainland China.

Note 13: The share of investment income (loss) recognition determined based on the financial statements which were reviewed and attested by certified public accountants engaged by BizLink.

3. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, unrealized gains or losses and others information:

- a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period, refer to Table 4.
- b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period, refer to Table 4.
- c. The amount of property transactions and the amount of the resultant gains or losses: None.
- d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. There is no actual drawn to subsidiaries in mainland China from BizLink (BVI) Corp.; therefore, the interest is 0. Remaining financing to others, refer to Table 1.
- f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

(Concluded)