

## **BizLink Holding Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018, and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine 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 of September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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 Hsun Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 12, 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	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,649,246	19	\$ 3,560,272	20	\$ 3,614,514	21
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	7,411	-	4,675	-	2,747	-
Financial assets for hedging - current (Notes 25 and 35)	619	-	-	-	1,625	-
Notes receivable from unrelated parties (Notes 9 and 26)	41,299	-	69,267	-	103,708	-
Trade receivables from unrelated parties (Notes 9 and 26)	4,961,447	27	5,069,223	29	5,012,619	30
Other receivables (Note 9)	113,781	1	104,967	1	117,435	1
Current tax assets	21,391	-	17,720	-	15,533	-
Inventories (Note 10)	3,874,052	21	4,457,156	25	3,852,205	23
Prepayments (Notes 18 and 19)	218,146	1	178,345	1	165,009	1
Other financial assets - current (Notes 19 and 37)	30,547	-	21,128	-	33,646	-
Other current assets (Note 19)	<u>3,182</u>	<u>-</u>	<u>1,944</u>	<u>-</u>	<u>2,571</u>	<u>-</u>
Total current assets	<u>12,921,121</u>	<u>69</u>	<u>13,484,697</u>	<u>76</u>	<u>12,921,612</u>	<u>76</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	493,111	3	382,626	2	303,501	2
Investments accounted for using the equity method (Note 12)	103,683	1	12,584	-	16,666	-
Property, plant and equipment (Notes 13 and 37)	2,444,593	13	2,221,686	13	2,149,483	13
Right-of-use assets (Notes 3, 4, 5, 14 and 36)	1,078,180	6	-	-	-	-
Investment properties (Notes 15 and 37)	203,744	1	205,387	1	205,580	1
Goodwill (Note 16)	379,018	2	393,855	2	394,857	2
Other intangible assets (Notes 17 and 33)	475,141	2	528,113	3	466,955	3
Deferred tax assets	164,329	1	156,067	1	128,092	1
Other financial assets - non-current (Notes 19 and 37)	174,745	1	183,252	1	168,047	1
Long-term prepayments for leases (Note 18)	-	-	36,728	-	36,742	-
Other non-current assets (Notes 19 and 36)	<u>266,527</u>	<u>1</u>	<u>131,107</u>	<u>1</u>	<u>125,817</u>	<u>1</u>
Total non-current assets	<u>5,783,071</u>	<u>31</u>	<u>4,251,405</u>	<u>24</u>	<u>3,995,740</u>	<u>24</u>
TOTAL	<u>\$ 18,704,192</u>	<u>100</u>	<u>\$ 17,736,102</u>	<u>100</u>	<u>\$ 16,917,352</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 37)	\$ 98,371	1	\$ 64,500	-	\$ 306,823	2
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	23,104	-	6,450	-	65,023	-
Financial liabilities for hedging - current (Notes 25 and 35)	-	-	3,473	-	-	-
Contract liabilities - current (Note 26)	44,147	-	22,507	-	24,932	-
Notes payable (Note 22)	247,409	1	133,522	1	134,574	1
Trade payables (Note 22)	3,076,169	17	3,831,669	22	3,321,383	20
Lease liabilities - current (Notes 3, 4, 5, 14 and 36)	256,354	1	-	-	-	-
Other payables (Note 23)	1,241,643	7	1,096,270	6	1,056,394	6
Current tax liabilities	153,345	1	161,464	1	185,086	1
Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 37)	2,958,611	16	37,713	-	29,327	-
Other current liabilities (Note 23)	<u>2,606</u>	<u>-</u>	<u>2,292</u>	<u>-</u>	<u>1,982</u>	<u>-</u>
Total current liabilities	<u>8,101,759</u>	<u>44</u>	<u>5,359,860</u>	<u>30</u>	<u>5,125,524</u>	<u>30</u>
NON-CURRENT LIABILITIES						
Lease liabilities - non-current (Notes 3, 4, 5, 14 and 36)	680,761	4	-	-	-	-
Bonds payable (Notes 21 and 37)	-	-	2,891,598	16	2,863,111	17
Long-term borrowings (Notes 20 and 37)	412,688	2	341,348	2	350,604	2
Deferred tax liabilities	52,450	-	56,887	1	42,524	1
Net defined benefit liabilities - non-current (Note 4)	4,394	-	4,341	-	4,476	-
Other non-current liabilities (Note 23)	<u>14,418</u>	<u>-</u>	<u>21,317</u>	<u>-</u>	<u>23,758</u>	<u>-</u>
Total non-current liabilities	<u>1,164,711</u>	<u>6</u>	<u>3,315,491</u>	<u>19</u>	<u>3,284,473</u>	<u>20</u>
Total liabilities	<u>9,266,470</u>	<u>50</u>	<u>8,675,351</u>	<u>49</u>	<u>8,409,997</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF BIZLINK (Note 25)						
Capital stock						
Common stock	<u>1,185,174</u>	<u>6</u>	<u>1,185,174</u>	<u>7</u>	<u>1,185,174</u>	<u>7</u>
Capital surplus	<u>4,893,480</u>	<u>26</u>	<u>4,893,638</u>	<u>28</u>	<u>4,893,638</u>	<u>29</u>
Retained earnings						
Legal reserve	627,070	3	487,839	3	487,839	3
Special reserve	646,210	4	604,558	3	604,558	4
Unappropriated earnings	<u>2,788,546</u>	<u>15</u>	<u>2,506,543</u>	<u>14</u>	<u>2,052,169</u>	<u>12</u>
Total retained earnings	<u>4,061,826</u>	<u>22</u>	<u>3,598,940</u>	<u>20</u>	<u>3,144,566</u>	<u>19</u>
Other equity	<u>(760,351)</u>	<u>(4)</u>	<u>(671,797)</u>	<u>(4)</u>	<u>(768,059)</u>	<u>(5)</u>
Total equity attributable to owners of the BizLink	9,380,129	50	9,005,955	51	8,455,319	50
NON-CONTROLLING INTERESTS (Notes 25 and 32)	<u>57,593</u>	<u>-</u>	<u>54,796</u>	<u>-</u>	<u>52,036</u>	<u>-</u>
Total equity	<u>9,437,722</u>	<u>50</u>	<u>9,060,751</u>	<u>51</u>	<u>8,507,355</u>	<u>50</u>
TOTAL	<u>\$ 18,704,192</u>	<u>100</u>	<u>\$ 17,736,102</u>	<u>100</u>	<u>\$ 16,917,352</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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 26)								
Sales	\$ 5,763,910	100	\$ 5,678,186	100	\$ 17,239,047	100	\$ 15,664,363	100
OPERATING COSTS								
Cost of goods sold (Notes 10, 27 and 36)	<u>4,321,655</u>	<u>75</u>	<u>4,388,549</u>	<u>77</u>	<u>13,142,875</u>	<u>76</u>	<u>12,363,355</u>	<u>79</u>
GROSS PROFIT	<u>1,442,255</u>	<u>25</u>	<u>1,289,637</u>	<u>23</u>	<u>4,096,172</u>	<u>24</u>	<u>3,301,008</u>	<u>21</u>
OPERATING EXPENSES (Notes 27 and 36)								
Selling and marketing expenses	266,162	5	239,072	4	755,278	4	652,430	4
General and administrative expenses	430,072	7	371,046	7	1,246,784	7	1,078,526	7
Research and development expenses	164,754	3	122,162	2	419,419	3	333,522	2
Expected credit loss (reversed) recognized (Note 9)	<u>(9,167)</u>	<u>-</u>	<u>(2,517)</u>	<u>-</u>	<u>2,255</u>	<u>-</u>	<u>(4,643)</u>	<u>-</u>
Total operating expenses	<u>851,821</u>	<u>15</u>	<u>729,763</u>	<u>13</u>	<u>2,423,736</u>	<u>14</u>	<u>2,059,835</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>590,434</u>	<u>10</u>	<u>559,874</u>	<u>10</u>	<u>1,672,436</u>	<u>10</u>	<u>1,241,173</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 14 and 27)	33,156	1	36,756	1	81,677	-	84,132	-
Other gains and losses (Note 27)	88,521	1	20,384	-	92,340	-	(24,803)	-
Finance costs (Notes 21, 27 and 36)	(24,859)	-	(13,139)	-	(73,693)	-	(37,635)	-
Share of loss of associates	<u>(4,406)</u>	<u>-</u>	<u>(812)</u>	<u>-</u>	<u>(9,598)</u>	<u>-</u>	<u>(2,544)</u>	<u>-</u>
Total non-operating income and expenses	<u>92,412</u>	<u>2</u>	<u>43,189</u>	<u>1</u>	<u>90,726</u>	<u>-</u>	<u>19,150</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM OPERATIONS	682,846	12	603,063	11	1,763,162	10	1,260,323	8
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(154,738)</u>	<u>(3)</u>	<u>(163,198)</u>	<u>(3)</u>	<u>(408,377)</u>	<u>(2)</u>	<u>(313,647)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>528,108</u>	<u>9</u>	<u>439,865</u>	<u>8</u>	<u>1,354,785</u>	<u>8</u>	<u>946,676</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain on investments in equity instruments at FVTOCI (Note 25)	(14,339)	-	(7,530)	-	89,179	-	18,770	-
Gain on hedging instruments subject to basis adjustments (Note 25)	5,092	-	8,802	-	4,071	-	1,631	-

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# 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 September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translation to presentation currency (Note 25)	\$ (13,267)	-	\$ (14,669)	-	\$ 101,600	1	\$ 193,365	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4, 25 and 28)	(1,273)	-	(2,201)	-	(1,018)	-	(408)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 25)	(273,475)	(5)	(222,626)	(4)	(303,303)	(2)	(286,753)	(2)
Other comprehensive loss for the period, net of income tax	(297,262)	(5)	(238,224)	(4)	(109,471)	(1)	(73,395)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 230,846</u>	<u>4</u>	<u>\$ 201,641</u>	<u>4</u>	<u>\$ 1,245,314</u>	<u>7</u>	<u>\$ 873,281</u>	<u>6</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>								
Owners of BizLink	\$ 528,082	9	\$ 437,481	8	\$ 1,351,767	8	\$ 941,769	6
Non-controlling interests	26	-	2,384	-	3,018	-	4,907	-
	<u>\$ 528,108</u>	<u>9</u>	<u>\$ 439,865</u>	<u>8</u>	<u>\$ 1,354,785</u>	<u>8</u>	<u>\$ 946,676</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>								
Owners of BizLink	\$ 231,751	4	\$ 200,612	4	\$ 1,242,675	7	\$ 868,528	6
Non-controlling interests	(905)	-	1,029	-	2,639	-	4,753	-
	<u>\$ 230,846</u>	<u>4</u>	<u>\$ 201,641</u>	<u>4</u>	<u>\$ 1,245,314</u>	<u>7</u>	<u>\$ 873,281</u>	<u>6</u>
<b>EARNINGS PER SHARE</b> (Note 29)								
Basic	<u>\$ 4.48</u>		<u>\$ 3.72</u>		<u>\$ 11.46</u>		<u>\$ 8.02</u>	
Diluted	<u>\$ 4.20</u>		<u>\$ 3.69</u>		<u>\$ 10.72</u>		<u>\$ 7.95</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											
						Other Equity						
	Capital Stock Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating the Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Gain or Loss on Effective Cash Flow Hedging Instruments	Others	Total	Non-controlling Interest	Total Equity
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
Appropriation of the 2017 earnings (Note 25)												
Legal reserve	-	-	116,246	-	(116,246)	-	-	-	-	-	-	-
Special reserve	-	-	-	299,927	(299,927)	-	-	-	-	-	-	-
Cash dividends distributed by BizLink	-	-	-	-	(809,210)	-	-	-	-	(809,210)	-	(809,210)
Change in percentage of ownership interests in subsidiaries (Notes 25 and 32)	-	502	-	-	-	-	-	-	-	502	(502)	-
Equity component of convertible bonds (Notes 21, 25 and 33)	-	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 32)	-	-	-	-	(14,821)	-	-	-	-	(14,821)	47,785	32,964
Share-based payment arrangements (Notes 25, 27 and 30)	(490)	(7,375)	-	-	343	-	-	-	59,015	51,493	-	51,493
Net profit for the nine months ended September 30, 2018	-	-	-	-	941,769	-	-	-	-	941,769	4,907	946,676
Other comprehensive (loss) income for the nine months ended September 30, 2018, net of income tax (Note 25)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,234)</u>	<u>18,770</u>	<u>1,223</u>	<u>-</u>	<u>(73,241)</u>	<u>(154)</u>	<u>(73,395)</u>
Total comprehensive income (loss) for the nine months ended September 30, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941,769</u>	<u>(93,234)</u>	<u>18,770</u>	<u>1,223</u>	<u>-</u>	<u>868,528</u>	<u>4,753</u>	<u>873,281</u>
BALANCE AT SEPTEMBER 30, 2018	<u>\$ 1,185,174</u>	<u>\$ 4,893,638</u>	<u>\$ 487,839</u>	<u>\$ 604,558</u>	<u>\$ 2,052,169</u>	<u>\$ (710,314)</u>	<u>\$ (25,563)</u>	<u>\$ 1,223</u>	<u>\$ (33,405)</u>	<u>\$ 8,455,319</u>	<u>\$ 52,036</u>	<u>\$ 8,507,355</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
Appropriation of the 2018 earnings (Note 25)												
Legal reserve	-	-	139,231	-	(139,231)	-	-	-	-	-	-	-
Special reserve	-	-	-	41,652	(41,652)	-	-	-	-	-	-	-
Cash dividends distributed by BizLink	-	-	-	-	(888,881)	-	-	-	-	(888,881)	-	(888,881)
Change in percentage of ownership interests in subsidiaries (Notes 25 and 32)	-	(158)	-	-	-	-	-	-	-	(158)	158	-
Share-based payment arrangements (Notes 25, 27 and 30)	-	-	-	-	-	-	-	-	20,538	20,538	-	20,538
Net profit for the nine months ended September 30, 2019	-	-	-	-	1,351,767	-	-	-	-	1,351,767	3,018	1,354,785
Other comprehensive (loss) income for the nine months ended September 30, 2019 (Note 25)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(201,324)</u>	<u>89,179</u>	<u>3,053</u>	<u>-</u>	<u>(109,092)</u>	<u>(379)</u>	<u>(109,471)</u>
Total comprehensive income (loss) for the nine months ended September 30, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,351,767</u>	<u>(201,324)</u>	<u>89,179</u>	<u>3,053</u>	<u>-</u>	<u>1,242,675</u>	<u>2,639</u>	<u>1,245,314</u>
BALANCE AT SEPTEMBER 30, 2019	<u>\$ 1,185,174</u>	<u>\$ 4,893,480</u>	<u>\$ 627,070</u>	<u>\$ 646,210</u>	<u>\$ 2,788,546</u>	<u>\$ (884,109)</u>	<u>\$ 128,327</u>	<u>\$ 481</u>	<u>\$ (5,050)</u>	<u>\$ 9,380,129</u>	<u>\$ 57,593</u>	<u>\$ 9,437,722</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 Nine Months Ended September 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,763,162	\$ 1,260,323
Adjustments for:		
Depreciation expenses	496,923	242,271
Amortization expenses	87,264	74,262
Expected credit losses recognized/(reversed) on trade receivables	2,255	(4,643)
Amortization of prepayments for leases	-	980
Net loss on fair value change of financial assets and liabilities designated as at FVTPL	23,218	108,351
Finance costs	73,693	37,635
Interest income	(32,009)	(28,229)
Compensation cost of employee stock options	20,538	51,493
Share of loss of associates	9,598	2,544
(Gain) loss on disposal of property, plant and equipment	(1,576)	5,239
Loss on disposal of intangible assets	-	153
Write-downs of inventories	63,355	56,138
Net gain on foreign currency exchange	(116,008)	(60,834)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily at designated as at FVTPL	22,551	56,676
Decrease in notes receivable	28,317	78,616
Decrease (increase) in trade receivables	192,419	(547,690)
(Increase) decrease in other receivables	(7,863)	29,040
Decrease (increase) in inventories	565,896	(565,868)
(Increase) decrease in prepayment	(39,575)	58,221
Increase in other current assets	(1,225)	(388)
Decrease in financial liabilities held for trading	(31,650)	(95,834)
Increase in contract liabilities	21,586	3,448
Increase (decrease) in notes payable	112,569	(54,219)
(Decrease) increase in trade payables	(785,698)	6,908
Increase in other payables	143,743	3,110
Decrease in deferred revenue	(5,770)	(4,926)
Increase in net defined benefit liabilities	53	82
Increase (decrease) in other current liabilities	283	(298)
Increase in other operating liabilities	84	1,243
Cash generated from operations	2,606,133	713,804
Interest received	32,009	28,229
Interest paid	(41,104)	(10,053)
Income tax paid	(431,832)	(284,323)
Net cash generated from operating activities	2,165,206	447,657

(Continued)



# BIZLINK HOLDING INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	\$ (17,500)	\$ (28,118)
Acquisition of associates	(100,201)	-
Net cash outflow on acquisition of subsidiaries	(7,783)	(83,276)
Payments for property, plant and equipment	(510,092)	(308,111)
Acquisition of right-of-use assets	(134,555)	-
Proceeds from disposal of property, plant and equipment	21,611	33,201
Payments for intangible assets	(40,387)	(24,881)
Increase in refundable deposits	(25,187)	(9,881)
Decrease in refundable deposits	406	1,791
Increase in other financial assets	(105,487)	(50,752)
Decrease in other financial assets	106,408	123,624
Increase in prepayments for equipment	<u>(164,136)</u>	<u>(50,375)</u>
Net cash used in investing activities	<u>(976,903)</u>	<u>(396,778)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	138,596	70,225
Repayments from short-term borrowings	(101,634)	(653,367)
Proceeds from long-term borrowing	50,210	-
Repayments of long-term borrowings	(10,205)	(151,745)
Refund of guarantee deposits received	(1,429)	(916)
Repayment of the principal portion of lease liabilities	(170,756)	-
Dividends paid to owners of BizLink	(888,881)	(809,210)
Proceeds from issuance of common stock for cash	<u>-</u>	<u>630,000</u>
Net cash (used in) generated from financing activities	<u>(984,099)</u>	<u>1,977,266</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(115,230)</u>	<u>(98,049)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	88,974	1,930,096
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,560,272</u>	<u>1,684,418</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,649,246</u>	<u>\$ 3,614,514</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 NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **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 November 8, 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:

- 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 (2) which is applied, the Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

- 1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) 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.
- 3) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 4) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 5) 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:

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
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>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 811,931</u>	<u>\$ 811,931</u>

- b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2020

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Group 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 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

- 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.

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

<b>New, Amended or Revised Standards and Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021

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

- 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.

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 BizLink.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 878	\$ 715	\$ 821
Checking accounts and demand deposits	3,097,354	3,173,221	2,720,556
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	543,491	381,431	879,669
Bank acceptances	<u>7,523</u>	<u>4,905</u>	<u>13,468</u>
	<u>\$ 3,649,246</u>	<u>\$ 3,560,272</u>	<u>\$ 3,614,514</u>

## 7. FINANCIAL INSTRUMENTS AT FVTPL

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ 2,534	2,665	202
Convertible bond options (Note 21)	2,792	-	-
Non-derivative financial assets			
Domestic and foreign listed stocks	<u>2,085</u>	<u>2,010</u>	<u>2,545</u>
	<u>\$ 7,411</u>	<u>\$ 4,675</u>	<u>\$ 2,747</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Futures contracts - copper	\$ -	\$ -	\$ 141
Convertible bond options (Note 21)	-	6,450	51,893
Foreign exchange forward contracts	<u>23,104</u>	<u>-</u>	<u>12,989</u>
	<u>\$ 23,104</u>	<u>\$ 6,450</u>	<u>\$ 65,023</u>

- a. 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>September 30, 2019</u>			
Sell	USD/RMB	2019.10-2020.01	USD38,436/RMB268,942
Sell	EUR/RMB	2019.10-2020.01	EUR1,983/RMB15,975
<u>December 31, 2018</u>			
Sell	USD/RMB	2019.01-2019.02	USD10,000/RMB69,278
<u>September 30, 2018</u>			
Sell	USD/RMB	2018.10-2018.12	US\$29,000/RMB190,316

- b. At the end of the reporting period, outstanding future contracts not under hedge accounting were as follows:

The Company entered into future copper contracts to avoid the risk of inventory pricing fluctuations in 2018.

	<b>Maturity Date</b>	<b>Weight</b>	<b>Amount (In Thousands)</b>
September 30, 2018	2018.10-2018.11	15 tons	\$ 3,478 (RMB 784)

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

### Investment in Equity Instruments at FVTOCI

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Non-current</u>			
Domestic and foreign equity instruments			
Unlisted stocks	<u>\$ 493,111</u>	<u>\$ 382,626</u>	<u>\$ 303,501</u>

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 it believes 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 June 2019, the Company acquired domestic and foreign unlisted stocks at \$17,500 thousand for medium to long-term strategic purposes; and the management designated these investments as at FVTOCI.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 41,299	\$ 69,267	\$ 103,708
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 41,299</u>	<u>\$ 69,267</u>	<u>\$ 103,708</u>
Notes receivable - operating	<u>\$ 41,299</u>	<u>\$ 69,267</u>	<u>\$ 103,708</u>

(Continued)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 5,012,997	\$ 5,118,249	\$ 5,062,497
Less: Allowance for impairment loss	<u>(51,550)</u>	<u>(49,026)</u>	<u>(49,878)</u>
	<u>\$ 4,961,447</u>	<u>\$ 5,069,223</u>	<u>\$ 5,012,619</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 86,172	\$ 86,134	\$ 106,009
Others	<u>27,609</u>	<u>18,833</u>	<u>11,426</u>
	<u>\$ 113,781</u>	<u>\$ 104,967</u>	<u>\$ 117,435</u>
			(Concluded)

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 September 30, 2019, December 31, 2018 and September 30, 2018, the Company has no need to recognize expected credit loss on notes receivable.

The aging of receivable was as follows:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Up to 60 days	\$ 37,494	\$ 30,958	\$ 37,440
61 to 90 days	-	12,275	8,653
91 to 120 days	205	7,074	38,633
121 to 365 days	<u>3,600</u>	<u>18,960</u>	<u>18,982</u>
	<u>\$ 41,299</u>	<u>\$ 69,267</u>	<u>\$ 103,708</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 Company provides 0 to 120 days credit policy to their customers on the sale of goods. 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.

#### September 30, 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	0.00%-0.44%	0.00%-7.48%	0.00%-11.54%	0.00%-15.83%	0.00%-33.38%	100%	
Gross carrying amount	\$ 4,494,132	\$ 428,399	\$ 18,711	\$ 18,613	\$ 25,416	\$ 27,726	\$ 5,012,997
Loss allowance (lifetime ECLs)	(6,302)	(6,413)	(1,793)	(2,505)	(6,811)	(27,726)	(51,550)
Amortized cost	<u>\$ 4,487,830</u>	<u>\$ 421,986</u>	<u>\$ 16,918</u>	<u>\$ 16,108</u>	<u>\$ 18,605</u>	<u>\$ -</u>	<u>\$ 4,961,447</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	0.00%-0.44%	0.00%-3.37%	0.00%-11.54%	0.00%-16.61%	0.00%-36.82%	100.00%	
Gross carrying amount	\$ 4,447,856	\$ 588,827	\$ 25,422	\$ 12,002	\$ 15,884	\$ 28,258	\$ 5,118,249
Loss allowance (lifetime ECLs)	(2,800)	(9,837)	(2,628)	(1,994)	(3,509)	(28,258)	(49,026)
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>

#### September 30, 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	0.00%-0.28%	0.00%-6.28%	0.00%-10.5%	0.00%-15.69%	0.00%-32.68%	100.00%	
Gross carrying amount	\$ 4,610,084	\$ 351,738	\$ 28,466	\$ 8,724	\$ 35,893	\$ 27,592	\$ 5,062,497
Loss allowance (Lifetime ECLs)	(2,624)	(4,311)	(1,788)	(921)	(12,642)	(27,592)	(49,878)
Amortized cost	<u>\$ 4,607,460</u>	<u>\$ 347,427</u>	<u>\$ 26,678</u>	<u>\$ 7,803</u>	<u>\$ 23,251</u>	<u>\$ -</u>	<u>\$ 5,012,619</u>

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 49,026	\$ 53,494
Add: Net remeasurement of loss allowance	2,255	-
Less: Net impairment loss reversed	-	(4,643)
Foreign exchange translation gains and losses	<u>269</u>	<u>1,027</u>
Balance at September 30	<u>\$ 51,550</u>	<u>\$ 49,878</u>

c. Other receivables

Other receivables consisted of tax refund receivable and others. 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 September 30, 2019, December 31, 2018 and September 30, 2018, the Company did not need to recognize expected credit loss on other receivables.

## 10. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Raw materials	\$ 1,304,897	\$ 1,400,452	\$ 1,237,021
Work in progress	219,560	249,325	223,321
Finished goods and merchandise	<u>2,349,595</u>	<u>2,807,379</u>	<u>2,391,863</u>
	<u>\$ 3,874,052</u>	<u>\$ 4,457,156</u>	<u>\$ 3,852,205</u>

The cost of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2019 and 2018 were \$4,321,655 thousand, \$4,388,549 thousand, \$13,142,875 thousand and \$12,363,355 thousand, respectively. The cost of goods sold included write-down of inventories were \$23,571 thousand, \$20,331 thousand, \$63,355 thousand and \$56,138 thousand, respectively.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	% of Ownership			Note
			September 30, 2019	December 31, 2018	September 30, 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.	Various investment activities.	93.08	90.58	90.58	a and b
	OptiWorks, Inc.	(1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities.	-	-	-	a

(Continued)

Investor	Investee	Nature of Activities	% of Ownership			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
	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	
	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 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.	90.00	-	-	e

(Continued)

Investor	Investee	Nature of Activities	% of Ownership			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
BizLink Technology Inc.	Bobl, 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	-	f
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	
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.	10.00	100.00	100.00	e
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 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 and September 2019 according to the original stockholding ratio. The stockholding ratio increased from 89.29% to 90.58% and 90.58% to 93.08%.

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: On July 1, 2019, BizLink's board of directors resolved to pay EUR6,500 thousand in cash by multiple times to acquire 90% interest in BizLink Technology SRB D.O.O. and EUR5,500 thousand is paid as of September, 30, 2019. Thus, interest of BizLink Technology (Slovakia) S.R.O. decreased to 10%.

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

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### Investments in Associates

	September 30, 2019	December 31, 2018	September 30, 2018
Associates that are not individually material	<u>\$ 103,683</u>	<u>\$ 12,584</u>	<u>\$ 16,666</u>

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

Name of Associates	September 30, 2019	December 31, 2018	September 30, 2018
Siriustek Inc.	40.00%	40%	40%
AcqOptics Corp.	22.78%	-	-
ProOptics International Corp.	21.35%	-	-

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

Name of Associates	September 30, 2019	December 31, 2018	September 30, 2018
Siriustek Inc.	40.00%	40%	40%
AcqOptics Corp.	22.78%	-	-
ProOptics International Corp.	27.00%	-	-

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

In October 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 \$6,991 thousand recognized from the acquisition of Siriustek Inc.

In March 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 \$12,394 thousand recognized from the acquisition of AcqOptics Corp.

In April 2019, the Company subscribed stocks of ProOptics International Corp. through a private placement for cash of NT\$70,201 thousand (US\$2,255 thousand); after the subscription, the Company's percentage of ownership in ProOptics was 21.35% and the Company was able to exercise significant influence over ProOptics International Corp. included in the cost of investment in associates was goodwill of NT\$18,087 thousand (US\$581 thousand).

For the three months and the nine months ended September 30, 2019 and 2018, the financial report of ProOptics International Corp. has been reviewed, except Siriustek Inc. and AcqOptics Corp. 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

#### Assets used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Other Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 351,825	\$ 819,028	\$ 2,362,298	\$ 20,314	\$ 629,526	\$ -	\$ 4,182,991
Additions	-	13,342	355,491	4,553	104,536	32,170	510,092
Disposals	-	(13,595)	(70,800)	(2,750)	(10,351)	-	(97,496)
Reclassifications (a)	-	4,048	32,051	34	18,116	-	54,249
Effects of foreign currency exchange differences	1,290	(3,207)	(53,367)	(347)	(14,699)	-	(70,330)
Balance at September 30, 2019	<u>\$ 353,115</u>	<u>\$ 819,616</u>	<u>\$ 2,625,673</u>	<u>\$ 21,804</u>	<u>\$ 727,128</u>	<u>\$ 32,170</u>	<u>\$ 4,579,506</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)	(51,617)	(2,475)	(9,774)	-	(77,461)
Depreciation expense	-	28,118	180,820	1,819	83,323	-	294,080
Effects of foreign currency exchange differences	-	(3,509)	(30,538)	(170)	(8,794)	-	(43,011)
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ 272,649</u>	<u>\$ 1,422,813</u>	<u>\$ 12,906</u>	<u>\$ 426,545</u>	<u>\$ -</u>	<u>\$ 2,134,913</u>
Carrying amounts at September 30, 2019	<u>\$ 353,115</u>	<u>\$ 546,967</u>	<u>\$ 1,202,860</u>	<u>\$ 8,898</u>	<u>\$ 300,583</u>	<u>\$ 32,170</u>	<u>\$ 2,444,593</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>\$ -</u>	<u>\$ 2,221,686</u>
<u>Cost</u>							
Balance at January 1, 2018	\$ 347,784	\$ 785,428	\$ 2,081,624	\$ 20,322	\$ 556,023	\$ -	\$ 3,791,181
Additions	-	15,235	216,321	-	76,555	-	308,111
Disposals	-	-	(74,676)	-	(11,743)	-	(86,419)
Reclassifications (b)	-	22	44,192	-	2,165	-	46,379
Effects of foreign currency exchange differences	3,237	(29)	(49,806)	(361)	(7,726)	-	(54,685)
Balance at September 30, 2018	<u>\$ 351,021</u>	<u>\$ 800,656</u>	<u>\$ 2,217,655</u>	<u>\$ 19,961</u>	<u>\$ 615,274</u>	<u>\$ -</u>	<u>\$ 4,004,567</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2018	\$ -	\$ 225,011	\$ 1,167,629	\$ 12,106	\$ 299,393	\$ -	\$ 1,704,139
Disposals	-	-	(37,150)	-	(10,829)	-	(47,979)
Depreciation expense	-	25,531	138,397	1,679	73,906	-	239,513
Effects of foreign currency exchange differences	-	(3,719)	(30,768)	(237)	(5,865)	-	(40,589)
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ 246,823</u>	<u>\$ 1,238,108</u>	<u>\$ 13,548</u>	<u>\$ 356,605</u>	<u>\$ -</u>	<u>\$ 1,855,084</u>
Carrying amounts at September 30, 2018	<u>\$ 351,021</u>	<u>\$ 553,833</u>	<u>\$ 979,547</u>	<u>\$ 6,413</u>	<u>\$ 258,669</u>	<u>\$ -</u>	<u>\$ 2,149,483</u>

- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$1,975 thousand and \$52,274 thousand, respectively.
- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$20,380 thousand and \$25,999 thousand, respectively.

No impairment assessments were performed for the three months and nine months ended September 30, 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 37 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted to the Company.

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets - 2019

	<b>September 30, 2019</b>	
<u>Carrying amounts</u>		
Land	\$	168,337
Buildings		885,879
Transportation equipment		16,351
Other equipment		<u>7,613</u>
		<u>\$ 1,078,180</u>
	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Additions to right-of-use assets		<u>\$ 453,650</u>
Depreciation charge for right-of-use assets		
Land	\$ 525	\$ 1,141
Buildings	64,530	189,567
Transportation equipment	2,375	7,799
Other equipment	<u>615</u>	<u>1,504</u>
	<u>\$ 68,045</u>	<u>\$ 200,011</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (3,200)</u>	<u>\$ (9,977)</u>

No impairment assessment was performed for the nine months ended September 30, 2019 as there was no indication of impairment.

b. Lease liabilities - 2019

**September 30,  
2019**

Carrying amounts

Current	<u>\$ 256,354</u>
Non-current	<u>\$ 680,761</u>

Range of discount rate for lease liabilities was as follows:

**September 30,  
2019**

Buildings	2.69%-6.76%
Transportation equipment	2.49%-4.59%
Other equipment	2.69%-4.25%

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:

**September 30,  
2019**

Year 1	\$ 7,719
Year 2	6,145
Year 3	<u>4,017</u>
	<u>\$ 17,881</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 September 30, 2018 were \$15,061 thousand and \$18,245 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

	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Expenses relating to short-term leases	\$ 4,435	\$ 15,149
Expenses relating to low-value asset leases	\$ 242	\$ 2,065
Total cash outflow for leases	\$ (72,390)	\$ (219,460)

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:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Not later than 1 year	\$ 223,541	\$ 190,661
Later than 1 year and not later than 5 years	300,830	394,824
Later than 5 years	<u>67,115</u>	<u>75,050</u>
	<u>\$ 591,486</u>	<u>\$ 660,535</u>

## 15. INVESTMENT PROPERTIES

	<b>Freehold Land</b>	<b>Building</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 92,754	\$ 153,836	\$ 246,590
Effects of foreign currency exchange differences	<u>414</u>	<u>1,021</u>	<u>1,435</u>
Balance at September 30, 2019	<u>\$ 93,168</u>	<u>\$ 154,857</u>	<u>\$ 248,025</u>

(Continued)

	<b>Freehold Land</b>	<b>Building</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ -	\$ 41,203	\$ 41,203
Depreciation expense	-	2,832	2,832
Effect of foreign currency exchange differences	<u>-</u>	<u>246</u>	<u>246</u>
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ 44,281</u>	<u>\$ 44,281</u>
Carrying amounts at September 30, 2019	<u>\$ 93,168</u>	<u>\$ 110,576</u>	<u>\$ 203,744</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 92,754</u>	<u>\$ 112,633</u>	<u>\$ 205,387</u>

Cost

Balance at January 1, 2018	\$ 91,460	\$ 150,637	\$ 242,097
Effects of foreign currency exchange differences	<u>1,036</u>	<u>2,562</u>	<u>3,598</u>
Balance at September 30, 2018	<u>\$ 92,496</u>	<u>\$ 153,199</u>	<u>\$ 245,695</u>

Accumulated depreciation and impairment

Balance at January 1, 2018	\$ -	\$ 36,760	\$ 36,760
Depreciation expense	-	2,758	2,758
Effects of foreign currency exchange differences	<u>-</u>	<u>597</u>	<u>597</u>
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ 40,115</u>	<u>\$ 40,115</u>
Carrying amounts at September 30, 2018	<u>\$ 92,496</u>	<u>\$ 113,084</u>	<u>\$ 205,580</u>

(Concluded)

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 September 30, 2019 was as follows:

	<b>September 30, 2019</b>
Year 1	\$ 17,227
Year 2	15,730
Year 3	<u>1,244</u>
	<u>\$ 34,201</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31 and September 30, 2018 were as follows:

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Not later than 1 year	\$ 17,699	\$ 18,041
Later than 1 year and not later than 5 years	<u>27,741</u>	<u>31,769</u>
	<u>\$ 45,440</u>	<u>\$ 49,810</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.

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Fair value	<u>\$ 287,676</u>	<u>\$ 296,364</u>	<u>\$ 321,103</u>

Refer to Note 37 for the carrying amount of investment properties pledged by the Company to secure borrowings granted to the Company.

## 16. GOODWILL

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
<u>Cost</u>		
Balance at January 1	\$ 393,855	\$ 395,860
Effects of foreign currency exchange differences	<u>(14,837)</u>	<u>(1,003)</u>
Balance at September 30	<u>\$ 379,018</u>	<u>\$ 394,857</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ -	\$ -
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>
Balance at September 30	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts at January 1	<u>\$ 393,855</u>	<u>\$ 395,860</u>
Carrying amounts at September 30	<u>\$ 379,018</u>	<u>\$ 394,857</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 thousand (translated into NT\$376,996 thousand on September 30, 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 RMB461 thousand (translated into NT\$2,022 thousand on September 30, 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	-	12,308	-	-	28,079	40,387
Disposal	-	-	(63)	-	-	(63)
Effects of foreign currency exchange differences	(513)	(4,522)	-	(4,197)	(3,662)	(12,894)
Balance at September 30, 2019	<u>\$ 61,902</u>	<u>\$ 318,393</u>	<u>\$ -</u>	<u>\$ 211,379</u>	<u>\$ 236,269</u>	<u>\$ 827,943</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2019	\$ 20,634	\$ 149,881	\$ 63	\$ 48,237	\$ 53,585	\$ 272,400
Amortization expense	7,146	30,301	-	23,096	26,721	87,264
Disposal	-	-	(63)	-	-	(63)
Effects of foreign currency exchange differences	(1)	(3,153)	-	(1,771)	(1,874)	(6,799)
Balance at September 30, 2019	<u>\$ 27,779</u>	<u>\$ 177,029</u>	<u>\$ -</u>	<u>\$ 69,562</u>	<u>\$ 78,432</u>	<u>\$ 352,802</u>
Carrying amounts at September 30, 2019	<u>\$ 34,123</u>	<u>\$ 141,364</u>	<u>\$ -</u>	<u>\$ 141,817</u>	<u>\$ 157,837</u>	<u>\$ 475,141</u>
Carrying amounts at December 31, 2018 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>
<u>Cost</u>						
Balance at January 1, 2018	\$ 23,808	\$ 241,885	\$ 63	\$ 174,197	\$ 163,071	\$ 603,024
Additions	-	24,881	-	-	-	24,881
Acquisitions through business combinations (Note 31)	-	-	-	41,910	48,944	90,854
Reclassifications *	-	1,427	-	-	-	1,427
Disposal	-	(2,481)	-	-	-	(2,481)
Effects of foreign currency exchange differences	612	(4,312)	-	(1,148)	(1,105)	(5,953)
Balance at September 30, 2018	<u>\$ 24,420</u>	<u>\$ 261,400</u>	<u>\$ 63</u>	<u>\$ 214,959</u>	<u>\$ 210,910</u>	<u>\$ 711,752</u>
<u>Accumulated amortization and impairment</u>						
Balance at January 1, 2018	\$ 17,596	\$ 121,072	\$ 58	\$ 17,866	\$ 19,766	\$ 176,358
Amortization expense	1,346	23,552	5	28,538	20,821	74,262
Disposal	-	(2,328)	-	-	-	(2,328)
Effects of foreign currency exchange differences	480	(2,339)	-	(920)	(716)	(3,495)
Balance at September 30, 2018	<u>\$ 19,422</u>	<u>\$ 139,957</u>	<u>\$ 63</u>	<u>\$ 45,484</u>	<u>\$ 39,871</u>	<u>\$ 244,797</u>
Carrying amounts at September 30, 2018	<u>\$ 4,998</u>	<u>\$ 121,443</u>	<u>\$ -</u>	<u>\$ 169,475</u>	<u>\$ 171,039</u>	<u>\$ 466,955</u>

\* Reclassifications of other non-current assets - prepayments for equipment to intangible assets amounted to \$1,427 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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
An analysis of amortization by function				
Operating costs	\$ 10,519	\$ 9,212	\$ 32,598	\$ 27,720
Selling and marketing expenses	7,409	6,772	20,664	20,579
General and administrative expenses	9,963	8,105	31,048	23,343
Research and development expenses	<u>960</u>	<u>888</u>	<u>2,954</u>	<u>2,620</u>
	<u>\$ 28,851</u>	<u>\$ 24,977</u>	<u>\$ 87,264</u>	<u>\$ 74,262</u>

## 18. PREPAYMENTS FOR LEASES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Current assets (included in prepayments)	\$ -	\$ 1,326	\$ 1,676
Non-current assets	<u>-</u>	<u>36,728</u>	<u>36,742</u>
	<u>\$ -</u>	<u>\$ 38,054</u>	<u>\$ 38,418</u>

As of December 31, 2018 and September 30, 2018, prepaid lease payments included land use right with carrying amounts of \$38,054 thousand and \$38,418 thousand, respectively, which are for land located in mainland China.

## 19. OTHER ASSETS

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Current</u>			
Prepayments (includes prepayments for leases)	\$ 218,146	\$ 178,345	\$ 165,009
Others	<u>3,182</u>	<u>1,944</u>	<u>2,571</u>
	<u>\$ 221,328</u>	<u>\$ 180,289</u>	<u>\$ 167,580</u>

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Other financial assets - current</u>			
Time deposits with original maturities of more than 3 months	\$ 7,396	\$ -	\$ 7,372
Pledged bank demand and time deposits (Note 37)	<u>23,151</u>	<u>21,128</u>	<u>26,274</u>
	<u>\$ 30,547</u>	<u>\$ 21,128</u>	<u>\$ 33,646</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 191,171	\$ 78,948	\$ 68,681
Refundable deposits (Note 36)	<u>75,356</u>	<u>52,159</u>	<u>57,136</u>
	<u>\$ 266,527</u>	<u>\$ 131,107</u>	<u>\$ 125,817</u>
<u>Other financial assets - non-current</u>			
Time deposits with original maturities of more than 3 months	\$ 12,003	\$ 12,447	\$ 15,422
Pledged bank deposits (Note 37)	<u>162,742</u>	<u>170,805</u>	<u>152,625</u>
	<u>\$ 174,745</u>	<u>\$ 183,252</u>	<u>\$ 168,047</u> (Concluded)

## 20. BORROWINGS

### a. Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings (Note 37)</u>			
Bank loans	\$ 64,500	\$ 64,500	\$ 64,500
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>33,871</u>	<u>-</u>	<u>242,323</u>
	<u>\$ 98,371</u>	<u>\$ 64,500</u>	<u>\$ 306,823</u>

The range of interest rate on bank loans was 1.04%-2.00%, 1.04%-1.20% and 0.29%-1.20% per annum as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings (Note 37)</u>			
Bank loans	\$ 369,628	\$ 379,061	\$ 379,931
Less: Current portion (due in one year)	<u>(5,745)</u>	<u>(37,713)</u>	<u>(29,327)</u>
	<u>363,883</u>	<u>341,348</u>	<u>350,604</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>48,805</u>	<u>-</u>	<u>-</u>
	<u>\$ 412,688</u>	<u>\$ 341,348</u>	<u>\$ 350,604</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 2024, respectively. As of September 30, 2019, December 31, 2018 and September 30, 2018, the annual effective interest rate was 1.23%-4.19%, 1.41%-4.32% and 1.41%-3.95%, respectively, per annum.

As of September 30, 2019, in respect of a long-term borrowing with a carrying amount of US\$4,599 thousand, BizLink Technology Inc. has extended the payment term from May 2021 to July 2024 with Cathy Bank. Monthly payment will be paid according to the contract.

As of March 7, 2019, the long-term borrowing of MYR14,000 thousand was provided by HSBC Bank with BizLink Technology (S.E.A.) Sdn. Bhd. in purchase of land and buildings. As of September 30, 2019, the drawdown was MYR6,599 thousand, and the payment term is ten years.

## 21. BONDS PAYABLE

	September 30, 2019	December 31, 2018	September 30, 2018
Overseas unsecured bonds	\$ 3,102,000	\$ 3,071,500	\$ 3,052,500
Less: Unamortized bond discount	(149,134)	(179,902)	(189,389)
Less: Current portion	<u>(2,952,866)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 2,891,598</u>	<u>\$ 2,863,111</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 September 30, 2019 was NT\$299.40 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 (R.O.C).
  - 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 U.S. 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. For the three months ended September 30, 2019 and 2018, for the nine months ended September 30, 2019, and from February 1 (the issue date) to September 30, 2018, amortization of discounts on bonds payable included in financial costs were \$10,954 thousand, \$10,611 thousand, \$32,589 thousand and \$27,582 thousand, respectively. As of September 30, 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	27,582
Effect of foreign exchange rate	<u>124,018</u>
Liability component as of September 30, 2018	<u>\$ 2,863,111</u>
Liability component at January 1, 2019	\$ 2,891,598
Amortized interest	32,589
Effect of foreign exchange rate	<u>28,679</u>
Liability component as of September 30, 2019	<u>\$ 2,952,866</u>

- g. The bondholders can request BizLink to redeem their bonds in whole or in part at two years after the issued date. On September 30, 2019, bonds payable were reclassified to current bonds payable in the amount of \$2,952,866 thousand.

## 22. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Notes payable</u>			
Operating	<u>\$ 247,409</u>	<u>\$ 133,522</u>	<u>\$ 134,574</u>
<u>Trade payables</u>			
Operating	<u>\$ 3,076,169</u>	<u>\$ 3,831,669</u>	<u>\$ 3,321,383</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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Other payables			
Salaries or bonuses	\$ 537,007	\$ 538,447	\$ 471,625
Welfare funds	40,582	39,407	38,355
Payables for taxes	43,120	34,368	34,382
Payables for employee bonuses	182,813	141,133	115,634
Payables for remuneration to directors	6,987	9,044	7,486
Payables for professional fees	56,037	53,735	39,247
Payables for shipping	52,485	44,627	44,201
Payables for investments (Note 33)	-	7,679	15,263
Others	<u>322,612</u>	<u>227,830</u>	<u>290,201</u>
	<u>\$ 1,241,643</u>	<u>\$ 1,096,270</u>	<u>\$ 1,056,394</u>
Other liabilities			
Receipts under custody	\$ 1,353	\$ 1,105	\$ 800
Others	<u>1,253</u>	<u>1,187</u>	<u>1,182</u>
	<u>\$ 2,606</u>	<u>\$ 2,292</u>	<u>\$ 1,982</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 6,307	\$ 7,664	\$ 8,073
Deferred revenue - government grants	4,862	10,522	12,950
Others	<u>3,249</u>	<u>3,131</u>	<u>2,735</u>
	<u>\$ 14,418</u>	<u>\$ 21,317</u>	<u>\$ 23,758</u>

## 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 \$66 thousand, \$78 thousand, \$198 thousand and \$234 thousand for the three months and nine months ended September 30, 2019 and 2018, respectively.

## 25. EQUITY

### a. Capital stock

#### Common stocks

	September 30, 2019	December 31, 2018	September 30, 2018
Number of stocks authorized (in thousand of stocks)	500,000	500,000	500,000
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 of stocks)	118,517	118,517	118,517
Stocks issued	<u>\$ 1,185,174</u>	<u>\$ 1,185,174</u>	<u>\$ 1,185,174</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 amounted 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

	September 30, 2019	December 31, 2018	September 30, 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	\$ 1,494,762
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>\$ 4,505,271</u>
<u>May be used to offset a deficit only</u>			
Conversion of employee stock options (2)	\$ 68,087	\$ 68,087	\$ 68,087
Share of changes in capital surplus of associates or joint ventures (3)	344	502	502
Others - expired stock options (2)	<u>4,619</u>	<u>4,619</u>	<u>4,619</u>
	<u>\$ 73,050</u>	<u>\$ 73,208</u>	<u>\$ 73,208</u>
<u>May not be used for any purpose</u>			
Employee restricted stocks	\$ 83,075	\$ 83,075	\$ 145,382
Stock warrants	<u>169,777</u>	<u>169,777</u>	<u>169,777</u>
	<u>\$ 252,852</u>	<u>\$ 252,852</u>	<u>\$ 315,159</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 share-based payment under issue of common stock for cash	-	18,055	-	-	-	(18,055)	-	-	-
Issue of common stock for cash	600,000	-	-	-	-	-	-	-	600,000
Retirement employee restricted stocks	-	-	-	-	(7,375)	-	-	-	(7,375)
Equity component of convertible bonds	-	-	-	169,777	-	-	-	-	169,777
Change in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	502	502
Balance at September 30, 2018	<u>\$ 1,494,762</u>	<u>\$ 68,087</u>	<u>\$ 3,010,509</u>	<u>\$ 169,777</u>	<u>\$ 145,382</u>	<u>\$ -</u>	<u>\$ 4,619</u>	<u>\$ 502</u>	<u>\$ 4,893,638</u>
Balance at January 1, 2019	\$ 1,557,069	\$ 68,087	\$ 3,010,509	\$ 169,777	\$ 83,075	\$ -	\$ 4,619	\$ 502	\$ 4,893,638
Change in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	(158)	(158)
Balance at September 30, 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>\$ 344</u>	<u>\$ 4,893,480</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.

Subject to the Statue, BizLink may distribute to the members, in the form of cash, all or a portion of its dividends and bonuses, legal reserve and/or capital reserve derived from issuance of new shares at a premium or from gifts received by BizLink by a majority of the directors at a meeting attended by two-thirds or more of the total number of the directors, and shall subsequently report such distribution to a shareholders' meeting.

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 approved in the stockholders' meetings on June 12, 2019 and June 21, 2018, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Stock (NT\$)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Legal reserve	\$ 139,231	\$ 116,246	\$ -	\$ -
Special reserve	41,652	299,927	-	-
Cash dividends	888,881	809,210	7.5	7.0

d. Other equity items

1) Exchange differences on translating foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (682,785)	\$ (617,080)
Exchange differences on translating foreign operations	(302,924)	(286,599)
Exchange differences on translation to presentation currency	<u>101,600</u>	<u>193,365</u>
Balance at September 30	<u>\$ (884,109)</u>	<u>\$ (710,314)</u>

2) Unrealized gain or loss of financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 39,148	\$ (44,333)
Recognized during the period		
Unrealized gain (loss) - equity instruments	<u>89,179</u>	<u>18,770</u>
Balance at September 30	<u>\$ 128,327</u>	<u>\$ (25,563)</u>

3) Gain or loss on hedging instruments

Cash flow hedges

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
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	14,481	9,986
Transferred to carrying amount of hedged items		
Raw material initial price risk - copper futures contracts	(10,410)	(8,355)
Related income tax	<u>(1,018)</u>	<u>(408)</u>
Balance at September 30	<u>\$ 481</u>	<u>\$ 1,223</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).

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (25,588)	\$ (92,420)
Share-based payment expenses recognized	20,538	51,150
Retired employee restricted stocks*	<u>-</u>	<u>7,865</u>
Balance at September 30	<u>\$ (5,050)</u>	<u>\$ (33,405)</u>

\* Deducted from unearned benefits of restricted stocks amounted to \$7,865 thousand for the nine months ended September 30, 2018.

e. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 54,796	\$ -
Share in profit for the period	3,018	4,907
Other comprehensive loss in the period		
Exchange differences on translating foreign operations	(379)	(154)
Changes in non-controlling interests	-	47,785
Changes in percentage of ownership interests in subsidiaries (Note 32)	<u>158</u>	<u>(502)</u>
Balance at September 30	<u>\$ 57,593</u>	<u>\$ 52,036</u>

## 26. REVENUE

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 5,763,910</u>	<u>\$ 5,678,186</u>	<u>\$ 17,239,047</u>	<u>\$ 15,664,363</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

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Notes receivable and trade receivables (Note 9)	\$ <u>5,002,746</u>	\$ <u>5,138,490</u>	\$ <u>5,116,327</u>	\$ <u>4,518,344</u>
Contract liabilities - current Sales of goods	\$ <u>44,147</u>	\$ <u>22,507</u>	\$ <u>24,932</u>	\$ <u>20,928</u>

c. Sales details of customer contracts

Sales details are disclosed in Note 42.

## 27. NET PROFIT FROM OPERATIONS

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income				
Bank deposits	\$ 10,325	\$ 11,224	\$ 32,009	\$ 28,229
Government grants revenue	10,304	14,426	15,829	27,614
Operating rental income				
Investment properties (Note 15)				
Others	5,142	5,327	15,719	15,759
Other operating leases				
(Note 14)				
Others	3,200	-	9,977	-
Others	<u>4,185</u>	<u>5,779</u>	<u>8,143</u>	<u>12,530</u>
	<u>\$ 33,156</u>	<u>\$ 36,756</u>	<u>\$ 81,677</u>	<u>\$ 84,132</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Financial assets and liabilities				
Financial assets mandatorily classified as at FVTPL	\$ (2,034)	\$ 681	\$ 25,158	\$ 39,068
Financial liabilities held for trading	(33,889)	(65,526)	(48,376)	(147,419)
(Gain) loss on disposal of property, plant and equipment	(235)	1,073	1,576	(5,239)
Loss on disposal of other intangible assets	-	-	-	(153)

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Net foreign exchange gains	\$ 125,632	\$ 109,846	\$ 117,810	\$ 118,400
Others	<u>(953)</u>	<u>(25,690)</u>	<u>(3,828)</u>	<u>(29,460)</u>
	<u>\$ 88,521</u>	<u>\$ 20,384</u>	<u>\$ 92,340</u>	<u>\$ (24,803)</u>
				(Concluded)

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	\$ (3,324)	\$ (2,528)	\$ (9,614)	\$ (9,813)
Interest on convertible bonds	(10,954)	(10,611)	(32,589)	(27,582)
Interest on lease liabilities	(10,581)	-	(31,490)	-
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240)</u>
	<u>\$ (24,859)</u>	<u>\$ (13,139)</u>	<u>\$ (73,693)</u>	<u>\$ (37,635)</u>

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Operating costs	\$ 126,370	\$ 66,732	\$ 380,685	\$ 184,049
Operating expenses	<u>42,500</u>	<u>19,697</u>	<u>116,238</u>	<u>58,222</u>
	<u>\$ 168,870</u>	<u>\$ 86,429</u>	<u>\$ 496,923</u>	<u>\$ 242,271</u>
An analysis of amortization by function				
Operating costs	\$ 10,519	\$ 9,212	\$ 32,598	\$ 27,720
Operating expenses	<u>18,332</u>	<u>15,765</u>	<u>54,666</u>	<u>46,542</u>
	<u>\$ 28,851</u>	<u>\$ 24,977</u>	<u>\$ 87,264</u>	<u>\$ 74,262</u>

e. Operating expense directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Direct operating expenses from properties rental income				
Depreciation expense	<u>\$ 947</u>	<u>\$ 936</u>	<u>\$ 2,832</u>	<u>\$ 2,758</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short term benefit	<u>\$ 1,016,315</u>	<u>\$ 898,693</u>	<u>\$ 2,896,265</u>	<u>\$ 2,482,564</u>
Post-employment benefits (Note 24)				
Defined contribution plans	37,992	31,195	112,709	98,925
Defined benefit plans	<u>66</u>	<u>78</u>	<u>198</u>	<u>234</u>
	<u>38,058</u>	<u>31,273</u>	<u>112,907</u>	<u>99,159</u>
Share-based payments*	2,879	17,482	20,538	51,493
Other employee benefits	<u>98,494</u>	<u>97,191</u>	<u>276,910</u>	<u>290,350</u>
 Total employee benefits expense	 <u>\$ 1,155,746</u>	 <u>\$ 1,044,639</u>	 <u>\$ 3,306,620</u>	 <u>\$ 2,923,566</u>
 An analysis of employee benefits expense by function				
Operating costs	\$ 650,401	\$ 631,570	\$ 1,907,876	\$ 1,812,548
Operating expenses	<u>505,345</u>	<u>413,069</u>	<u>1,398,744</u>	<u>1,111,018</u>
	<u>\$ 1,155,746</u>	<u>\$ 1,044,639</u>	<u>\$ 3,306,620</u>	<u>\$ 2,923,566</u>

\* For the nine months ended September 30, 2018, the share-based payments included the share-based payment of \$51,150 thousand and withdrawn stock dividends of \$343 thousand.

g. Employees' compensation and remuneration of directors

BizLink accrued employees' compensation at rates of no less than 1% and no higher than 5%, and remuneration to directors at no than 3% of net profit before income tax, employees' compensation, and remuneration of directors. For the three months and nine months ended September 30, 2019 and 2018, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	2.74%	2.99%
Remuneration of directors	0.38%	0.57%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Employees' compensation	<u>\$ 16,724</u>	<u>\$ 13,047</u>	<u>\$ 49,938</u>	<u>\$ 39,141</u>
Remuneration of directors	<u>\$ 2,340</u>	<u>\$ 2,684</u>	<u>\$ 6,987</u>	<u>\$ 7,486</u>

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

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.

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
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.

h. Gain on losses on foreign currency exchange

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 2,119,483	\$ 1,635,292	\$ 4,633,062	\$ 4,427,634
Foreign exchange losses	<u>(1,993,851)</u>	<u>(1,525,446)</u>	<u>(4,515,252)</u>	<u>(4,309,234)</u>
	<u>\$ 125,632</u>	<u>\$ 109,846</u>	<u>\$ 117,810</u>	<u>\$ 118,400</u>

## 28. INCOME TAXES RELATING TO OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current tax				
In respect of the current period	\$ 174,806	\$ 180,831	\$ 438,490	\$ 333,471
Adjustments for prior periods	<u>(7,531)</u>	<u>3,798</u>	<u>(13,866)</u>	<u>(6,840)</u>
	<u>167,275</u>	<u>184,629</u>	<u>424,624</u>	<u>326,631</u>
Deferred tax				
In respect of the current period	(12,537)	(21,431)	(16,247)	(12,545)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>	<u>-</u>	<u>(439)</u>
	<u>(12,537)</u>	<u>(21,431)</u>	<u>(16,247)</u>	<u>(12,984)</u>
Income tax expense recognized in profit or loss	<u>\$ 154,738</u>	<u>\$ 163,198</u>	<u>\$ 408,377</u>	<u>\$ 313,647</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 nine months ended September 30, 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 nine months ended September 30, 2019 and 2018, the four 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 nine months ended September 30, 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 nine months ended September 30, 2019 and 2018 used by the subsidiaries in Ireland is 12.5% according to local law. The applicable tax rate in the nine months ended September 30, 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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<u>Deferred tax</u>				
In respect of the current period				
Fair value changes of				
hedging instruments for				
cash flow hedges	<u>\$ 1,273</u>	<u>\$ 2,201</u>	<u>\$ 1,018</u>	<u>\$ 408</u>
Total income tax recognized in				
other comprehensive income	<u>\$ 1,273</u>	<u>\$ 2,201</u>	<u>\$ 1,108</u>	<u>\$ 408</u>

c. Income tax assessment

As of September 30, 2019, the Company has no unsettled lawsuit.

## 29. EARNINGS PER SHARE

	<b>Unit: NT\$ Per Share</b>			
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Basic earnings per share				
Net income	<u>\$ 528,082</u>	<u>\$ 437,481</u>	<u>\$ 1,351,767</u>	<u>\$ 941,769</u>
Weighted average number of				
common stocks in				
computation of basic earnings				
per thousand share	<u>117,965</u>	<u>117,551</u>	<u>117,965</u>	<u>117,398</u>
Basic earnings per share	<u>\$ 4.48</u>	<u>\$ 3.72</u>	<u>\$ 11.46</u>	<u>\$ 8.02</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Diluted earnings per share				
Net income	\$ 528,082	\$ 437,481	\$ 1,351,767	\$ 941,769
Effect of potentially dilutive common stocks:				
Interest on convertible bonds (after tax)	10,954	-	32,589	-
Loss (gain) on valuation of converted bonds	<u>312</u>	<u>-</u>	<u>(9,270)</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share from continuing operation	<u>\$ 539,348</u>	<u>\$ 437,481</u>	<u>\$ 1,375,086</u>	<u>\$ 941,769</u>
Weighted average number of common stocks in computation of basic earnings per thousand share	117,965	117,551	117,965	117,398
Effect of potentially dilutive common stocks:				
Convertible bonds	9,502	-	9,399	-
Employees' compensation or bonus issued to employees	305	270	387	318
Employee restricted stocks	<u>529</u>	<u>774</u>	<u>528</u>	<u>813</u>
Weighted average number of common stocks in computation of diluted earnings per thousand share	<u>128,301</u>	<u>118,595</u>	<u>128,279</u>	<u>118,529</u>
Diluted earnings per share	<u>\$ 4.20</u>	<u>\$ 3.69</u>	<u>\$ 10.72</u>	<u>\$ 7.95</u>

(Concluded)

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.

The outstanding convertible bonds issued by the Company during the three months and nine months ended September 30, 2018 are anti-dilutive and excluded from the computation of diluted earnings per share.



### 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 \$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 \$2,879 thousand and \$17,482 thousand, \$20,538 thousand and \$51,493 thousand were recognized within the vesting period for the three months and nine months ended September 30, 2019 and 2018, respectively.

### 31. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

In January 2018, 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

	<b>OW Holding Inc.</b>
Cash	\$ 57,890
Equity instruments issued	<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.

	<b>OW Holding Inc.</b>
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

	<b>OW Holding Inc.</b>
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:

	<b>For the Nine Months Ended September 30, 2018</b>
Revenue - OW Holding Inc.	<u>\$ -</u>
Profit - OW Holding Inc.	<u>\$ 49,867</u>

### 32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June 2018 and September 2019, the non-controlling interest did not subscribe for the share capital issuance and OW Holding Inc., increasing the existing ownership percentage of the Company from 89.29% to 90.58% and 90.58% to 93.08%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	OW Holding Inc. For the Nine Months Ended September 30	
	2019	2018
Cash consideration received	\$ -	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	<u>(158)</u>	<u>502</u>
Differences recognized from equity transactions	<u>\$ (158)</u>	<u>\$ 502</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ (158)</u>	<u>\$ 502</u>

### 33. CASH FLOWS INFORMATION

#### a. Non-cash transactions

For the nine months ended September 30, 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 \$2,892,279 thousand, recognized as bonds payable of \$2,711,511 thousand, financial liabilities at FVTPL of \$10,991 thousand and capital surplus - stock warrants of \$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 September 30, 2019, December 31, 2018 and September 30, 2018, NT\$0 thousand, NT\$7,679 thousand (US\$250 thousand) and NT\$15,263 thousand (US\$500 thousand) was unpaid and was recognized as other payables.
- 3) For the nine months ended September 30, 2018, the Company acquired domestic and foreign equity instruments unlisted stock \$38,832 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 \$28,118 thousand was paid for the nine months ended September 30, 2018.

#### b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2019

	Opening Balance	Cash Flows	New Leases	Change of Variable Payments	Liability Components	Equity Components	Interest Expense	Effect of Foreign Currency Exchange Differences	Other	Closing Balance
Short-term borrowings	\$ 64,500	\$ 36,962	\$ -	\$ -	\$ -	\$ -	\$ -	(\$ 3,091)	\$ -	\$ 98,371
Long-term borrowings (included current portion due in one year)	379,061	40,005	-	-	-	-	-	(633)	-	418,433
Guarantee deposits	7,664	(1,429)	-	-	-	-	-	72	-	6,307
Bonds payable	2,891,598	-	-	-	-	-	32,589	28,679	-	2,952,866
Lease liabilities (Note 3)	<u>811,931</u>	<u>(170,756)</u>	<u>319,095</u>	<u>(1,616)</u>	<u>-</u>	<u>-</u>	<u>31,490</u>	<u>(21,539)</u>	<u>(31,490)</u>	<u>937,115</u>
	<u>\$ 4,154,754</u>	<u>\$ (95,218)</u>	<u>\$ 319,095</u>	<u>\$ (1,616)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,079</u>	<u>\$ 3,488</u>	<u>\$ (31,490)</u>	<u>\$ 4,413,092</u>

For the nine months ended September 30, 2018

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Liability Components	Equity Components	Interest Expense	Effect of Foreign Currency Exchange Differences	
Short-term borrowings	\$ 905,922	\$ (583,142)	\$ -	\$ -	\$ -	\$ (15,957)	\$ 306,823
Long-term borrowings	530,241	(151,745)	-	-	-	1,435	379,931
Guarantee deposits	8,789	(916)	-	-	-	200	8,073
Bonds payable	-	2,892,279	(10,991)	(169,777)	27,582	124,018	2,863,111
	<u>\$ 1,444,952</u>	<u>\$ 2,156,476</u>	<u>\$ (10,991)</u>	<u>\$ (169,777)</u>	<u>\$ 27,582</u>	<u>\$ 109,696</u>	<u>\$ 3,557,938</u>

### 34. 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.

### 35. 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

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 2,534	\$ -	\$ 2,534
Convertible bonds options	-	-	2,792	2,792
Domestic and foreign quoted stocks	<u>2,085</u>	<u>-</u>	<u>-</u>	<u>2,085</u>
	<u>\$ 2,085</u>	<u>\$ 2,534</u>	<u>\$ 2,792</u>	<u>\$ 7,411</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets for hedging				
Derivative financial assets				
Copper futures contracts	<u>\$ 619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 619</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic and foreign unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,111</u>	<u>\$ 493,111</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 23,104</u>	<u>\$ -</u>	<u>\$ 23,104</u> (Concluded)

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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 liabilities for hedging				
Derivative financial liabilities				
copper futures contracts	<u>\$ 3,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,473</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>

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	\$ -	\$ 202	\$ -	\$ 202
Domestic and foreign quoted stocks	<u>2,545</u>	<u>-</u>	<u>-</u>	<u>2,545</u>
	<u>\$ 2,545</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 2,747</u>
Financial assets for hedging				
Derivative financial assets				
Copper futures contracts	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,625</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic and foreign unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,501</u>	<u>\$ 303,501</u>
Financial liabilities at FVTPL				
Financial liabilities				
Convertible bonds - options	\$ -	\$ -	\$ 51,893	\$ 51,893
Foreign exchange forward contracts	-	12,989	-	12,989
Futures contracts - copper	<u>141</u>	<u>-</u>	<u>-</u>	<u>141</u>
	<u>\$ 141</u>	<u>\$ 12,989</u>	<u>\$ 51,893</u>	<u>\$ 65,023</u>

For the nine months ended September 30, 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 nine months ended September 30, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	\$ 382,626
Additional	17,500
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	89,179
Effect of foreign currency exchange differences	<u>3,806</u>
Balance at September 30, 2019	<u>\$ 493,111</u>

	<b>Financial Liabilities at FVTPL</b>
	<b>Convertible Bonds - Option</b>
<b>Financial Liabilities</b>	
Balance at January 1, 2019	\$ (6,450)
Additional - issuance of bonds	-
Recognized in profit or loss (other gains and losses)	
Unrealized	9,270
Effect of foreign currency exchange differences	<u>(28)</u>
Balance at September 30, 2019	<u>\$ 2,792</u>
<u>For the nine months ended September 30, 2018</u>	

	<b>Financial Assets at FVTOCI</b>
	<b>Equity Instruments</b>
<b>Financial Assets</b>	
Balance at January 1, 2018	\$ 227,319
Additional	38,832
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	18,770
Effect of foreign currency exchange differences	<u>18,580</u>
Balance at September 30, 2018	<u>\$ 303,501</u>

	<b>Financial Liabilities at FVTPL</b>
	<b>Convertible Bonds - Options</b>
<b>Financial Liabilities</b>	
Balance at January 1, 2018	\$ -
- issuance of bonds	10,991
Recognized in profit or loss (other gains and losses)	
Unrealized	40,212
Effect of foreign currency exchange differences	<u>690</u>
Balance at September 30, 2018	<u>\$ 51,893</u>

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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 7,411	\$ 4,675	\$ 2,747
Financial assets at amortized cost (1)	8,960,249	8,974,134	9,001,096
Financial assets for hedging	619	-	1,625
Financial assets at FVTOCI			
Equity instruments	493,111	382,626	303,501
<u>Financial liabilities</u>			
FVTPL			
Held for trading	23,104	6,450	65,023
Amortized cost (2)	7,230,689	7,641,885	7,402,807
Financial liabilities for hedging	-	3,473	-

- 1) The balances included cash and cash equivalents, notes receivable, trade receivables, 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, trade payables, 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 40.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the sensitivity of subsidiaries using non-US dollar functional currency to a 1% increase and decrease in the US dollar. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and representing 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.

	<b>USD Impact</b>	
	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2019</b>	<b>2018</b>
Profit or loss	\$ 30,753	\$ 20,590

This sensitivity 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 increased during the current period mainly due to increase in foreign currency receivables.

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:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Interest rate risk on fair value			
Financial assets	\$ 564,519	\$ 405,655	\$ 903,937
Financial liabilities	3,954,481	2,956,098	3,169,934
Interest rate risk on cash flow			
Financial assets	3,208,624	3,283,014	2,794,737
Financial liabilities	452,304	379,061	379,931

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 representing 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 nine months ended September 30, 2019 and 2018 would have increased/decreased by \$20,672 thousand and \$18,111 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 increased during the current period mainly due to the increase 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 nine months ended September 30, 2019 and 2018 would have increased/decreased by \$4,931 thousand and \$3,035 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:

September 30, 2019

<b>Hedge Instrument</b>	<b>Contract Weight</b>	<b>Maturity</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount Assets</b>
Cash flow hedges				
Copper futures contract	890 tons	2019.10-2020.09	Derivative financial assets for hedging	<u>\$ 619</u>

<b>Hedged Item</b>	<b>Book Value of Other Equity Continuous Application of Hedge Accounting</b>
Cash flow hedges	
Expected purchases (i)	<u>\$ 481</u>

For the nine months ended September 30, 2019

<b>Other Comprehensive Income Effect</b>	<b>Recognized Profit (Loss) in Other Comprehensive Income</b>
Cash flow hedges	
Expected purchases (i) (ii)	<u>\$ 4,071</u>

September 30, 2018

<b>Hedge Instrument</b>	<b>Contract Weight</b>	<b>Maturity</b>	<b>Line Item in Balance Sheet</b>	<b>Carrying Amount Liabilities</b>
Copper futures contracts	855 tons	2018.10-2019.06	Derivative financial liabilities for hedging	<u>\$ 1,625</u>

<b>Hedged Item</b>	<b>Book Value of Other Equity Continuous Application of Hedge Accounting</b>
Cash flow hedges	
Expected purchases (i)	<u>\$ 1,223</u>

For the nine months ended September 30, 2018

<b>Other Comprehensive Income Effect</b>	<b>Recognized Profit (Loss) in Other Comprehensive Income</b>
Cash flow hedges	
Expected purchases (i), (ii)	<u>\$ 1,631</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 37%, 40% and 38% of total trade receivables as of September 30, 2019, December 31, 2018 and September 30, 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 September 30, 2019, December 31, 2018 and September 30, 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.

September 30, 2019

	<b>Less Than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 2,899,070	\$ 855,642	\$ 6,307	\$ -
Lease liabilities	72,377	218,274	644,481	138,031
Variable interest rate	37,560	10,858	312,740	131,871
Fixed interest rate	<u>64,591</u>	<u>3,180,167</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,073,598</u>	<u>\$ 4,264,941</u>	<u>\$ 963,528</u>	<u>\$ 269,902</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 290,651</u>	<u>\$ 644,481</u>	<u>\$ 138,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2018

	<b>Less Than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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>

September 30, 2018

	<b>Less Than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 3,725,990	\$ 118,879	\$ 8,073	\$ -
Variable interest rate	4,034	34,151	289,791	79,187
Fixed interest rate	<u>307,121</u>	<u>-</u>	<u>3,129,423</u>	<u>-</u>
	<u>\$ 4,037,145</u>	<u>\$ 153,030</u>	<u>\$ 3,427,287</u>	<u>\$ 79,187</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.

September 30, 2019

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Futures contract - copper	\$ 196	\$ 397	\$ 26	\$ -	\$ -
Foreign exchange forward contracts	<u>(12,881)</u>	<u>(9,253)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ (12,685)</u></u>	<u><u>\$ (8,856)</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflow	\$ 24,679	\$ 46,003	\$ 11,601	\$ -	\$ -
Outflow	<u>(24,266)</u>	<u>(45,067)</u>	<u>(11,386)</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 413</u></u>	<u><u>\$ 936</u></u>	<u><u>\$ 215</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

December 31, 2018

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<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><u>\$ 1,386</u></u>	<u><u>\$ (1,897)</u></u>	<u><u>\$ (297)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

September 30, 2018

	<b>On Demand or Less Than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Futures contracts - cooper	\$ (67)	\$ (74)	\$ -	\$ -	\$ -
Foreign exchange forward contracts	<u>(12,186)</u>	<u>(601)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ (12,253)</u></u>	<u><u>\$ (675)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

c) Financing facilities

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Secured bank loan facilities:			
Amount used	\$ 434,128	\$ 443,561	\$ 444,431
Amount unused	<u>40,500</u>	<u>31,972</u>	<u>31,187</u>
	<u><u>\$ 474,628</u></u>	<u><u>\$ 475,533</u></u>	<u><u>\$ 475,618</u></u>
Unsecured bank loan facilities:			
Amount used	\$ 82,676	\$ -	\$ 242,323
Amount unused	<u>4,393,512</u>	<u>1,838,055</u>	<u>1,957,472</u>
	<u><u>\$ 4,476,188</u></u>	<u><u>\$ 1,838,055</u></u>	<u><u>\$ 2,199,795</u></u>

### 36. 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><b>Related Party Name</b></u>	<u><b>Related Party Categories</b></u>
Kunshan Xianglian Construction Development Limited	Substantive related parties

b. Lease arrangements - Group is lessee

Acquisition of right-of-use assets

<b>Related Party Category/Name</b>	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Substantive related party		
Kunshan Xianglian Construction Development Limited	<u><u>\$ -</u></u>	<u><u>\$ 172,008</u></u>



<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>September 30, 2019</b>
Lease liabilities	Substantive related party Kunshan Xianglian Construction Development Limited	<u>\$ 431,503</u>

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

	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
<b>Related Party Category/Name</b>		
<u>Interest expense</u>		
Substantive related party Kunshan Xianglian Construction Development Limited	<u>\$ 5,316</u>	<u>\$ 13,663</u>

c. Other transactions with related parties

1) Refundable deposits (included in other current assets)

<b>Related Party Categories/Name</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Substantive related party Kunshan Xianglian Construction Development Limited	<u>\$ 20,931</u>	<u>\$ 20,631</u>	<u>\$ 20,073</u>

2) Cost of goods sold

<b>Line Item</b>	<b>Related Party Categories/Name</b>	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Rental expenses	Substantive related party Kunshan Xianglian Construction Development Limited	<u>\$ 9,669</u>	<u>\$ 29,455</u>

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

3) Operating expense

<b>Line Item</b>	<b>Related Party Categories/Name</b>	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Rental expenses	Substantive related party Kunshan Xianglian Construction Development Limited	<u>\$ 6,573</u>	<u>\$ 20,001</u>

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

d. Compensation of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 18,578	\$ 17,347	\$ 48,821	\$ 49,840
Share-based payments	<u>895</u>	<u>5,128</u>	<u>6,382</u>	<u>15,004</u>
	<u>\$ 19,473</u>	<u>\$ 22,475</u>	<u>\$ 55,203</u>	<u>\$ 64,844</u>

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

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Pledged deposits (classified as other financial assets - current)	\$ 1,479	\$ 1,478	\$ 1,474
Pledged deposits (classified as other financial assets - non-current)	150	10,300	-
Pledged bank deposits (classified as other financial assets - current)	21,672	19,650	24,800
Pledged bank deposits (classified as other financial assets - non-current)	162,592	160,505	152,625
Freehold land (classified as property, plant and equipment)	298,556	297,802	297,332
Buildings (classified as property, plant and equipment)	233,692	236,978	237,700
Freehold land (classified as investment properties)	51,120	51,120	51,120
Buildings (classified as investment properties)	<u>28,763</u>	<u>29,273</u>	<u>29,443</u>
	<u>\$ 798,024</u>	<u>\$ 807,106</u>	<u>\$ 794,494</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of September 30, 2019, December 31, 2018 and September 30, 2018 were as follows:

#### Significant Commitments

Unrecognized commitments are as follows:

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Acquisition of property, plant and equipment	<u>\$ 127,089</u>	<u>\$ 153,456</u>	<u>\$ 42,111</u>

### 39. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company's board of directors approved the issuance of Unsecured Overseas Convertible Bonds and Global Depositary Receipts (GDRs) on October 1, 2019 which were approved by the FSC on November 7, 2019.

- a. The proposed issuance of the third five-year unsecured, zero-coupon overseas convertible bonds with a US\$200 thousand par value at an aggregate principal amount at upper limit of US\$100,000 thousand.
- b. The proposed stock issuance for cash is expected to be around 12,000 thousand to 15,000 thousand shares of common stocks with a par value of NT\$10 in participation of GDRs.

### 40. 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)

September 30, 2019			
	Foreign Currencies	Exchange Rate	Carrying Amount (\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 186,895	7.0721 (USD:RMB)	\$ 5,797,477
USD	9,968	7.8405 (USD:HKD)	309,207
USD	27,284	0.9158 (USD:EUR)	846,349
USD	8,693	4.1945 (USD:MYR)	269,657
<u>Financial liabilities</u>			
Monetary items			
USD	66,936	7.0721 (USD:RMB)	2,076,353
USD	2,375	7.8405 (USD:HKD)	73,672
USD	26,288	0.9158 (USD:EUR)	815,453
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

(Continued)

December 31, 2018			
	Foreign Currencies	Exchange Rate	Carrying Amount (\$)
<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 (Concluded)

September 30, 2018			
	Foreign Currencies	Exchange Rate	Carrying Amount (\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 164,129	6.8776 (USD:RMB)	\$ 5,010,043
USD	8,842	7.8177 (USD:HKD)	269,902
USD	31,486	0.8603 (USD:EUR)	961,111
USD	8,887	4.1405 (USD:MYR)	271,276

<u>Financial liabilities</u>			
Monetary items			
USD	76,331	6.8776 (USD:RMB)	2,330,006
USD	2,217	7.8177 (USD:HKD)	67,674
USD	37,018	0.8603 (USD:EUR)	1,129,976

For the nine months ended September 30, 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.

#### 41. 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 35)
  - 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

## 42. 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 Nine Months Ended September 30, 2019				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	\$ 12,469,343	\$ 285,764	\$ 4,458,982	\$ 24,958	\$ 17,239,047
Intersegment revenue	<u>20,370,113</u>	<u>283,688</u>	<u>692,765</u>	<u>184,765</u>	<u>21,531,331</u>
Segment revenue	<u>32,839,456</u>	<u>569,452</u>	<u>5,151,747</u>	<u>209,723</u>	<u>38,770,378</u>
Eliminations					<u>(21,531,331)</u>
Consolidated revenue					<u>17,239,047</u>
Segment income	<u>\$ 1,231,772</u>	<u>\$ 43,477</u>	<u>\$ 422,374</u>	<u>\$ 30,016</u>	<u>\$ 1,727,639</u>
Reportable segment other income					\$ 81,677
Reportable segment other gains and losses					92,340
Reportable segment compensation of management personnel					(55,203)
Reportable segment finance costs					(73,693)
Share of loss of associates accounted for using the equity method					<u>(9,598)</u>
Reportable segment income before income tax					<u>\$ 1,763,162</u>

	For the Nine Months Ended September 30, 2018				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	\$ 11,106,580	\$ 321,583	\$ 4,208,259	\$ 27,941	\$ 15,664,363
Intersegment revenue	<u>19,279,905</u>	<u>314,254</u>	<u>609,273</u>	<u>192,667</u>	<u>20,396,099</u>
Segment revenue	<u>30,386,485</u>	<u>635,837</u>	<u>4,817,532</u>	<u>220,608</u>	<u>36,060,462</u>
Eliminations					<u>(20,396,099)</u>
Consolidated revenue					<u>15,664,363</u>
Segment income	<u>\$ 1,165,199</u>	<u>\$ 52,788</u>	<u>\$ 55,163</u>	<u>\$ 32,867</u>	<u>\$ 1,306,017</u>
Reportable segment other income					\$ 84,132
Reportable segment other gains and losses					(24,803)
Reportable segment compensation of management personnel					(64,844)
Reportable segment finance costs					(37,635)
Share of loss of associates accounted for using the equity method					<u>(2,544)</u>
Reportable segment income before income tax					<u>\$ 1,260,323</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 NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars)

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	\$ 2,481,600	\$ -	\$ -	-	2	\$ -	Operating capital financing funds	\$ -	-	-	\$ 3,752,051	\$ 3,752,051
		BizLink (BVI) Corp.	Other receivables from related parties	Yes	2,481,600	2,481,600	1,209,780	-	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
1	BizLink Technology Inc.	OptiWorks Inc.	Other receivables from related parties	Yes	155,100	155,100	-	3.25	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
2	OptiWorks (Shanghai) Limited	OptiWorks (Kunshan) Limited	Other receivables from related parties	Yes	35,085	-	-	-	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
		OptiWorks (Kunshan) Limited	Other receivables from related parties	Yes	65,784	-	-	-	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
		OptiWorks (Kunshan) Limited	Other receivables from related parties	Yes	65,784	65,784	65,784	4.35	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
		BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	35,085	-	-	-	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
		Teralux Technology Co., Ltd.	Other receivables from related parties	Yes	52,628	-	-	-	2	-	Operating capital financing funds	-	-	-	3,752,051	3,752,051
3	BizLink (BVI) Corp.	BizLink Holding Inc.	Other receivables from related parties	Yes	1,085,700	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Holding Inc.	Other receivables from related parties	Yes	1,085,700	1,085,700	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink International Corp.	Other receivables from related parties	Yes	310,200	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink International Corp.	Other receivables from related parties	Yes	465,300	310,200	153,549	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology (Slovakia) S.R.O.	Other receivables from related parties	Yes	457,255	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
4	Hwa Zhan Electronics Corp. (Shen Zhen)	BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	120,605	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	120,605	120,605	120,605	4.35	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
5	BizLink (Kun Shan) Co., Ltd.	BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	46,049	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	43,856	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
6	BizLink Electronics (Xiamen) Co., Ltd.	BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	46,926	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	43,856	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
7	BizLink Technology (Belgium) NV	BizLink Technology (Slovakia) S.R.O.	Other receivables from related parties	Yes	169,354	169,354	76,833	0.684-0.688	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology (Slovakia) S.R.O.	Other receivables from related parties	Yes	169,354	169,354	84,677	0.678-0.688	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
8	BizLink Technology (Slovakia) S.R.O.	BizLink Technology SRB D.O.O.	Other receivables from related parties	Yes	33,871	33,871	33,871	0.684	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		BizLink Technology SRB D.O.O.	Other receivables from related parties	Yes	130,893	130,893	130,893	0.684	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
9	BizLink Technology (Xiamen) Limited	BizLink Technology (Chang Zhou) Limited	Other receivables from related parties	Yes	109,641	-	-	-	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192
		Teralux Technology Co., Ltd.	Other receivables from related parties	Yes	67,977	67,977	67,977	4.35	2	-	Operating capital financing funds	-	-	-	18,704,192	18,704,192

(Continued)



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.

Note 3: a. 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.

b. 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.

c. The loan between the foreign companies, which are held directly or indirectly 100% of voting share and loan between BizLink and foreign companies which are held directly or indirectly 100% of voting share are not limited by items a and b. The individual loan amount and total amount of loans shall not exceed the total asset amount of BizLink.

d. Above mentioned net assets value and total assets amount were in accordance with currently audited or reviewed consolidated financial statements by accountant.

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\$31.02, RMB1=NT\$4.3856, EUR1=NT\$33.8707 as of September 30, 2019.

Note 5: The amount was eliminated upon consolidation.

(Concluded)

**TABLE 2**

**BIZLINK HOLDING INC. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Endorser/Guarantor Provider	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	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	\$ 4,690,064	\$ 2,761,090 (US\$ 89,010)	\$ 2,761,090 (US\$ 89,010)	\$ 165,938 (US\$ 5,349)	\$ -	29.44	\$ 4,690,064	Y	N	N
		BizLink Technology Inc.	b	4,690,064	155,100 (US\$ 5,000)	-	-	-	-	4,690,064	Y	N	N
		BizLink Technology Inc., BizLink Tech Inc.	b	4,690,064	124,080 (US\$ 4,000)	124,080 (US\$ 4,000)	-	-	1.32	4,690,064	Y	N	N
		BizLink Technology (S.E.A.) Sdn. Bhd.	b	4,690,064	7,395 (MYR 1,000)	7,395 (MYR 1,000)	-	-	0.08	4,690,064	Y	N	N
		BizLink (BVI) Corp. Taiwan Branch	b	4,690,064	62,040 (US\$ 2,000)	-	-	-	-	4,690,064	Y	N	N
		BizLink International Corp.	b	4,690,064	30,000	30,000	-	-	0.32	4,690,064	Y	N	N
		BizLink Technology (Slovakia) S.R.O.	b	4,690,064	124,080 (US\$ 4,000)	124,080 (US\$ 4,000)	124,080 (US\$ 4,000)	-	1.32	4,690,064	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	4,690,064	780,642 (RMB 178,000)	780,642 (RMB 178,000)	238,943 (RMB 54,483)	-	8.32	4,690,064	Y	N	Y
1	BizLink Technology Inc.	BizLink Tech Inc.	b	93,520,960	133,882 (US\$ 4,316)	71,837 (US\$ 2,316)	62,259 (US\$ 2,007)	-	0.77	93,520,960	N	N	N
0 and 2	BizLink Holding Inc., BizLink International Corp.	BizLink (BVI) Corp.	b	93,520,960	465,300 (US\$ 15,000)	-	-	-	-	93,520,960	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	93,520,960	1,085,700 (US\$ 35,000)	1,085,700 (US\$ 35,000)	167,630 (US\$ 5,404)	-	11.57	93,520,960	Y	N	N
		BizLink Technology (Slovakia) S.R.O.	b	93,520,960	310,200 (US\$ 10,000)	310,200 (US\$ 10,000)	33,818 (US\$ 1,090)	-	3.31	93,520,960	Y	N	N
		BizLink Technology (Chang Zhou) Limited	b	93,520,960	310,200 (US\$ 10,000)	310,200 (US\$ 10,000)	-	-	3.31	93,520,960	Y	N	Y
3	BizLink (BVI) Corp.	BizLink Technology SRB D.O.O.	b	93,520,960	139,326 (EUR 4,113)	139,326 (EUR 4,113)	139,326 (EUR 4,113)	161,304	1.49	93,520,960	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 company with which it has business relationship.
- A subsidiary which directly holds more than 50% of common stocks.
- An investee company of which over 50% is jointly owned by the BizLink and its subsidiaries.
- The parent company holds directly and indirectly more than 50% of the common stock of the subsidiaries.
- Guaranteed by the Company according to the construction contract.
- 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% net value of BizLink.
- b. The amount of endorsement for a single enterprise is limited to not more than 50% net value of BizLink.
- c. The endorsement between the companies which BizLink directly indirectly holds 90% voting share, the amount of endorsement shall not exceed 10% net value of BizLink. The endorsement between the companies which BizLink directly or indirectly holds 100% is not limited and shall not exceed five times of total asset of BizLink currently audited or reviewed consolidated financial statements by accountant.
- d. The endorsement between companies with business relationship, it shall not exceed the total transaction amount with the Company during the last 12 months.

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\$31.02; MYR1=NT\$7.3954, RMB1=NT\$4.3856 and EUR1=NT\$33.8707 as of September 30, 2019.

(Concluded)

**TABLE 3****BIZLINK HOLDING INC. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****SEPTEMBER 30, 2019****(In Thousands of New Taiwan Dollars and Shares)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 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	126,261	18.00	126,261	-
BizLink Technology Inc.	<u>Stocks</u>							
	Wells Fargo & Co.	-	Financial assets at FVTPL - current	400	626	-	626	-
	Transocean Ltd.	-	Financial assets at FVTPL - current	800	110	-	110	-
	CNOOC Ltd.	-	Financial assets at FVTPL - current	200	945	-	945	-
	Walt Disney Co.	-	Financial assets at FVTPL - current	100	404	-	404	-
BizLink (BVI) Corp.	<u>Stocks</u>							
	Rainbow Star Group Limited (Note 5)	-	Financial assets at FVTOCI - non-current	20,000	33,026	26.05	33,026	-
	Lintes Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,125,580	219,595	4.17	219,595	-
	Prime Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	600,000	44,297	6.67	44,297	-
BizLink International Corp.	<u>Stocks</u>							
	Anqing Innovation Co., Ltd.	-	Financial assets at FVTOCI - non-current	2,076,000	14,229	4.50	14,229	-
	Lintes Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	235,382	24,317	0.46	24,317	-
	Usenlight Corp.	-	Financial assets at FVTOCI - non-current	1,000,000	18,130	3.48	18,130	-
Zellwood International Corp.	<u>Equity investments</u>							
	Amed Venture I, L.P.	-	Financial assets at FVTOCI - non-current	Note 3	12,020	7.30	12,020	-
Bizwide Limited	<u>Equity investments</u>							
	Datlink Electronic (Shenzhen) Co., Ltd.	-	Financial assets at FVTOCI - non-current	Note 3	1,236	9.00	1,236	-

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\$31.02 as of September 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 2019

(In Thousands of New Taiwan Dollars)

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 (Note 3)	% to Total	
BizLink Technology Inc.	BizLink (BVI) Corp.	The same parent company	Sales	\$ 171,507	3	30-120 days	No identical items	Net 30-110 days from the end of the month of when invoice is issued	\$ 52,534	4	Note 2
OptiWorks (Kunshan) Limited	BizLink (BVI) Corp.	The same parent company	Sales	141,296	64	0-90 days	BVI sale price 100% (Note 4)	Net 0-180 days from the end of the month of when invoice is issued	111,758	88	Note 2
BizLink (BVI) Corp.	BizLink Technology Inc.	The same parent company	Sales	4,610,093	34	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	2,056,517	37	Note 2
	BizLink (Kun Shan) Co., Ltd.	The same parent company	Sales	2,997,380	22	0-180 days	Profit 0%-10% (Note 4)	Net 0-120 days from the end of the month of when invoice is issued	1,498,488	27	Note 2
	BizLink Technology (Ireland) Ltd.	The same parent company	Sales	2,265,717	17	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	812,382	15	Note 2
	BizLink Electronics (Xiamen) Co., Ltd.	The same parent company	Sales	193,747	1	0-90 days	Profit 0%-2% (Note 4)	Net 0-120 days from the end of the month of when invoice is issued	47,891	1	Note 2
	Xiang Yao Electronics (Shen Zhen) Co., Ltd.	The same parent company	Sales	679,450	5	90-365 days	Profit 0%-10% (Note 4)	Net 0-120 days from the end of the month of when invoice is issued	303,795	5	Note 2
	OptiWorks Inc.	The same parent company	Sales	140,867	1	0-90 days	BVI purchase price 100% (Note 4)	Net 0-120 days from the end of the month of when invoice is issued	86,425	2	Note 2
	BizLink (Kun Shan) Co., Ltd.	The same parent company	Sales	6,265,780	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	3,048,200	94	Note 2
BizLink Electronics (Xiamen) Co., Ltd.	BizLink (BVI) Corp.	The same parent company	Sales	258,331	73	0-120 days	BVI sale price 100% (Note 4)	Net 0-120 days from the end of the month of when invoice is issued	111,564	75	Note 2
TongYing Electronics (Shen Zhen) Ltd.	BizLink (BVI) Corp.	The same parent company	Sales	166,662	79	30-365 days	BVI sale price 98%-100% (Note 4)	Net 30-120 days from the end of the month of when invoice is issued	77,550	27	Note 2
BizLink Tech Inc.	BizLink Technology Inc.	The same parent company	Sales	157,423	36	30-90 days	No identical items	Net 0-100 days from the end of the month of when invoice is issued	59,424	50	Note 2

(Continued)

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 (Note 3)	% to Total	
Xiang Yao Electronics (Shen Zhen) Co., Ltd.	BizLink (BVI) Corp.	The same parent company	Sales	\$ 1,988,639	100	1-365 days	Profit 0%-21% (Note 4)	1-365 days (Note 5)	\$ 1,198,393	100	Note 2
Bizconn International Corp. (China)	BizLink (BVI) Corp.	The same parent company	Sales	181,521	55	0-365 days	BVI sale price 96%-100% (Note 4)	Net 30-120 days from the end of the month of when invoice is issued	95,692	51	Note 2
BizLink Technology (Xiamen) Limited	BizLink Technology (Belgium) NV	The same parent company	Sales	150,541	15	0-60 days	Markup 5% of purchase price (Note 4)	0-90 days from the end of the month of when invoice is issued	57,286	17	Note 2
BizLink Technology (Slovakia) S.R.O.	BizLink Technology SRB D.O.O.	The same parent company	Sales	257,747	23	0-30 days	Markup 5% of purchase price (Note 4)	0-60 days	12,701	8	Note 2

Note 1: The above amounts of asses accounts and liabilities accounts are converted by exchange rate US\$1=31.02 into NT\$ as of September 30, 2019. The amounts of income accounts are converted by quarterly average exchange rate, first quarter US\$1=30.8297, second quarter US\$1=NT\$31.1314 and third quarter US\$1=NT\$31.1986 into NT\$.

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  
SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	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	\$ 2,056,517	2.95	\$ -	-	\$ 564,487	\$ -
BizLink (BVI) Corp.	Xiang Yao Electronics (Shen Zhen) Co., Ltd.	The same parent company	303,795	2.79	-	-	276	-
BizLink (BVI) Corp.	BizLink (Kun Shan) Co., Ltd.	The same parent company	1,498,488	2.19	-	-	312,197	-
BizLink (BVI) Corp.	BizLink Technology (Ireland) Ltd.	The same parent company	812,382	2.94	-	-	262,526	-
OptiWorks (Kunshan) Limited	BizLink (BVI) Corp.	The same parent company	111,758	1.86	-	-	23,322	-
BizLink (Kun Shan) Co., Ltd.	BizLink (BVI) Corp.	The same parent company	3,048,200	2.81	-	-	571,863	-
BizLink Electronics (Xiamen) Co., Ltd.	BizLink (BVI) Corp.	The same parent company	111,564	2.76	-	-	23,714	-
Xiang Yao Electronics (Shen Zhen) Co., Ltd.	BizLink (BVI) Corp.	The same parent company	1,198,393	2.22	-	-	94,130	-
<u>Other receivables</u>								
BizLink Holding Inc.	BizLink (BVI) Corp.	Subsidiary	1,209,780	Not applicable	-	-	-	-
BizLink (BVI) Corp.	BizLink International Corp.	The same parent company	157,009	Not applicable	-	-	-	-
BizLink (BVI) Corp.	BizLink (Kun Shan) Co., Ltd.	The same parent company	146,942	Not applicable	-	-	-	-
Hwa Zhan Electronics Corp. (Shen Zhen)	BizLink Technology (Chang Zhou) Limited	The same parent company	120,765	Not applicable	-	-	-	-
TongYing Electronics (Shen Zhen) Ltd.	BizLink (BVI) Corp.	The same parent company	190,026	Not applicable	-	-	-	-
BizLink Technology (Belgium) NV	BizLink Technology (Slovakia) S.R.O.	The same parent company	161,510	Not applicable	-	-	-	-
BizLink Technology (Slovakia) S.R.O.	BizLink Technology SRB D.O.O.	The same parent company	164,764	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\$31.02 as of September 30, 2019.

Note 2: The amount was eliminated upon consolidation.

**TABLE 6**

**BIZLINK HOLDING AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(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	\$ 124,080		0.66
		BizLink (BVI) Corp.	1	Endorsements/guarantees	3,846,790		20.57
		BizLink Tech Inc.	1	Endorsements/guarantees	124,080		0.66
		BizLink International Corp.	1	Endorsements/guarantees	1,115,700		5.96
		BizLink Technology (S.E.A.) SDN. BHD.	1	Endorsements/guarantees	7,395		0.04
		BizLink Technology (Slovakia) S.R.O.	1	Endorsements/guarantees	434,280		2.32
		BizLink Technology (Xiamen) Limited	1	Endorsements/guarantees	780,642		4.17
		BizLink Technology (Chang Zhou) Limited	1	Endorsements/guarantees	1,090,842		5.83
		BizLink (Kun Shan) Co., Ltd.	1	Endorsements/guarantees	780,642		4.17
		Xiang Yao Electronics (Shen Zhen) Co., Ltd.	1	Endorsements/guarantees	780,642		4.17
		BizLink (BVI) Corp.	1	Other receivables	1,209,780		6.47
		BizLink (BVI) Corp.	1	Miscellaneous incomes	74,528		0.43
		BizLink Tech Inc.	1	Investments accounted for using equity method	77,550	Capital increase	0.41
		EA Cable Assemblies (Hong Kong) Co., Limited	1	Investments accounted for using equity method	124,080	Capital increase	0.66
		OW Holding Inc.	1	Investments accounted for using equity method	223,344	Capital increase	1.19
		BizLink Technology SRB D.O.O.	1	Investments accounted for using equity method	186,289	Capital increase	1.00
1	BizLink Technology Inc.	BizLink Tech Inc.	3	Endorsements/guarantees	71,837		0.38
		BizLink (BVI) Corp.	3	Sales	171,507	Markup 5% of purchase price and payment term 30-120 days	0.99
		BizLink (BVI) Corp.	3	Trade receivables	52,534	Markup 5% of purchase price and payment term 30-120 days	0.28
2	OptiWorks (Shanghai) Limited	OptiWorks (Kunshan) Limited	3	Other receivables	65,784		0.35
3	OptiWorks (Kunshan) Limited	BizLink (BVI) Corp.	3	Sales	141,296	Sale price is 100% of BIZLINK BVI sale price and payment term 0-90 days	0.82
		BizLink (BVI) Corp.	3	Trade receivables	111,758	Sale price is 100% of BIZLINK BVI sale price and payment term 0-90 days	0.60

(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)
4	BizLink (BVI) Corp.	BizLink International Corp.	3	Endorsements/guarantees	\$ 1,085,700		5.80
		BizLink Technology (Slovakia) S.R.O.	3	Endorsements/guarantees	310,200		1.66
		BizLink Technology SRB D.O.O.	3	Endorsements/guarantees	139,326		0.75
		BizLink Technology (Chang Zhou) Limited	3	Endorsements/guarantees	310,200		1.66
		BizLink Technology Inc.	3	Sales	4,610,093	Set by agreement of both parties and payment term 1-365 days	26.74
		BizLink Technology Inc.	3	Trade receivables	2,056,517	Set by agreement of both parties and payment term 1-365 days	11.00
		OptiWorks Inc.	3	Sales	140,867	Sale price is 100% of BIZLINK BVI purchase price and payment term 0-90 days	0.82
		OptiWorks Inc.	3	Trade receivables	86,425	Sale price is 100% of BIZLINK BVI purchase price and payment term 0-90 days	0.46
		Hwa Zhan Electronics Corp. (Shen Zhen)	3	Sales	85,529	Profit 0%-8% and payment term 0-365 days	0.50
		Hwa Zhan Electronics Corp. (Shen Zhen)	3	Trade receivables	47,640	Profit 0%-8% and payment term 0-365 days	0.25
		BizLink International Corp.	3	Other receivables	157,009		0.84
		BizLink (Kun Shan) Co., Ltd.	3	Sales	2,977,380	Profit 0%-10% and payment term 0-180 days	17.27
		BizLink (Kun Shan) Co., Ltd.	3	Trade receivables	1,498,488	Profit 0%-10% and payment term 0-180 days	8.01
		BizLink (Kun Shan) Co., Ltd.	3	Other receivables	146,942		0.79
		BizLink Electronics (Xiamen) Co., Ltd.	3	Sales	193,747	Profit 0%-2% and payment term from 0 to 90 days	1.12
		BizLink Electronics (Xiamen) Co., Ltd.	3	Trade receivables	47,891	Profit 0%-2% and payment term from 0 to 90 days	0.26
		TongYing Electronics (Shen Zhen) Ltd.	3	Sales	69,199	Profit 0% and payment term from 0 to 365 days	0.40
		BizLink Tech Inc.	3	Sales	68,752	Set by agreement of both parties and payment term 0-140 days	0.40
		BizLink Tech Inc.	3	Trade receivables	31,382	Set by agreement of both parties and payment term 0-140 days	0.17
		BizLink Tech Inc.	3	Other receivables	36,707		0.20
		Accell Corp.	3	Other receivables	44,395		0.24
		BizLink Technology (Ireland) Ltd.	3	Sales	2,265,717	Set by agreement of both parties and payment term 0-365 days	13.14
		BizLink Technology (Ireland) Ltd.	3	Trade receivables	812,382	Set by agreement of both parties and payment term 0-365 days	4.34
		Xiang Yao Electronics (Shen Zhen) Co., Ltd.	3	Sales	679,450	Profit 0%-10% and payment term 90-365 days	3.94
		Xiang Yao Electronics (Shen Zhen) Co., Ltd.	3	Trade receivables	303,795	Profit 0%-10% and payment term 90-365 days	1.62
5	Hwa Zhan Electronics Corp. (Shen Zhen)	BizLink Technology (Chang Zhou) Limited	3	Other receivables	120,765		0.65
6	BizLink International Corp.	BizLink (BVI) Corp.	3	Endorsements/guarantees	1,085,700		5.80
		BizLink Technology (Slovakia) S.R.O.	3	Endorsements/guarantees	310,200		1.66
		BizLink Technology (Chang Zhou) Limited	3	Endorsements/guarantees	310,200		1.66
		BizLink (BVI) Corp.	3	Miscellaneous incomes	52,101		0.30

(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)
7	BizLink (Kun Shan) Co., Ltd.	BizLink (BVI) Corp.	3	Sales	\$ 6,265,780	Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-120 days	36.35
		BizLink (BVI) Corp.	3	Trade receivables	3,048,200	Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-120 days	16.30
		Xiang Yao Electronics (Shen Zhen) Co., Ltd.	3	Sales	40,098	Payment term 120 days	0.23
8	Adel Enterprises Corp.	TongYing Electronics (Shen Zhen) Ltd.	3	Other receivables	52,982		0.28
		Asia Wick Ltd.	3	Other receivables	31,673		0.17
9	BizLink Electronics (Xiamen) Co., Ltd.	BizLink (BVI) Corp.	3	Sales	258,331	Sale price is 100% of BIZLINK BVI sale price and payment term 0-120 days	1.50
		BizLink (BVI) Corp.	3	Trade receivables	111,564	Sale price is 100% of BIZLINK BVI sale price and payment term 0-120 days	0.60
10	TongYing Electronics (Shen Zhen) Ltd.	BizLink (BVI) Corp.	3	Sales	166,662	Sale price is 98%-100% of BIZLINK BVI sale price and payment term 30-365 days	0.97
		BizLink (BVI) Corp.	3	Trade receivables	77,550	Sale price is 98%-100% of BIZLINK BVI sale price and payment term 30-365 days	0.41
		BizLink (BVI) Corp.	3	Other receivables	190,026		1.02
11	BizLink Tech Inc.	BizLink Technology Inc.	3	Sales	157,423	Payment term 30-90 days	0.91
		BizLink Technology Inc.	3	Trade receivables	59,424	Payment term 30-90 days	0.32
12	Xiang Yao Electronics (Shen Zhen) Co., Ltd.	BizLink (BVI) Corp.	3	Sales	1,988,639	Profit 0%-21% and payment term 1-365 days	11.54
		BizLink (BVI) Corp.	3	Trade receivables	1,198,393	Profit 0%-21% and payment term 1-365 days	6.41
13	Bizconn International Corp. (China)	BizLink (BVI) Corp.	3	Sales	181,521	Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-365 days	1.05
		BizLink (BVI) Corp.	3	Trade receivables	95,692	Sale price is 90%-100% of BIZLINK BVI sale price and payment term 0-365 days	0.51
		BizLink (Kun Shan) Co., Ltd.	3	Sales	82,737	Set by agreement of both parties and payment term 90-120 days	0.48
		BizLink (Kun Shan) Co., Ltd.	3	Trade receivables	56,579	Set by agreement of both parties and payment term 90-120 days	0.30
14	BizLink Technology (Xiamen) Limited	Teralux Technology Co., Ltd.	3	Other receivables	68,273		0.37
		BizLink Technology (Belgium) NV	3	Sales	150,541	Markup 5% of purchase price and payment term 0-60 days	0.87
		BizLink Technology (Belgium) NV	3	Trade receivables	57,286	Markup 5% of purchase price and payment term 0-60 days	0.31

(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)
15	BizLink Technology (Chang Zhou) Limited	BizLink Technology (Xiamen) Limited	3	Sales	\$ 58,190	Markup 5% of purchase price and payment term 0-60 days	0.34
		BizLink Technology (Belgium) NV	3	Sales	86,519	Markup 5% of purchase price and payment term 0-60 days	0.50
		BizLink Technology (Belgium) NV	3	Trade receivables	41,838	Markup 5% of purchase price and payment term 0-60 days	0.22
16	BizLink Technology (Belgium) NV	BizLink Technology (Slovakia) S.R.O.	3	Other receivables	161,510		0.86
17	BizLink Technology (Slovakia) S.R.O.	BizLink Technology SRB D.O.O.	3	Sales	257,747	Markup 5% of purchase price and payment term 0-30 days	1.50
		BizLink Technology SRB D.O.O.	3	Other receivables	164,764		0.88
18	BizLink Technology SRB D.O.O.	BizLink Technology (Slovakia) S.R.O.	3	Sales	96,522	Markup 5% of purchase price and payment term 0-30 days	0.56
19	Bizconn International Corporation	BizLink (BVI) Corp.	3	Other receivables	44,868		0.24
20	BizLink Technology (S.E.A.) SDN. BHD.	BizLink (BVI) Corp.	3	Sales	40,343	Set by agreement of both parties and payment term 0-150 days	0.23
21	Foshan Nanhai Jo Yeh Electronic Co., Ltd.	Jo Yeh Company Limited	3	Sales	44,169	Same as market price and payment term 60 days	0.26
22	EA Cable Assemblies (Hong Kong) Co., Limited	BizLink Technology (Chang Zhou) Limited	3	Investments accounted for using equity method	122,538	Capital increase	0.66

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

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

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

- a. “1” represents transactions from parent company to subsidiaries.
- b. “2” represents transactions from subsidiaries to parent company.
- c. “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=NT\$31.02 into New Taiwan dollar as of September 30, 2019. The amounts of income accounts are converted by quarterly average exchange rate, first quarter US\$1=NT\$30.8297, second quarter US\$1=NT\$31.1314 and third quarter US\$1=NT\$31.1986 into New Taiwan dollar.

(Concluded)

**TABLE 7**

**BIZLINK HOLDING INC. AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				September 30, 2019	December 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.	\$ 121,598 (US\$ 3,920)	\$ 121,598 (US\$ 3,920)	10,000	100.00	\$ 947,257	\$ 89,049	\$ 90,700	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.	1,551 (US\$ 50)	1,551 (US\$ 50)	50,000	100.00	656,867	(39,458)	(54,698)	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	105,657	(202)	(183)	Subsidiary (Note 1)
	Zellwood International Corp.	Tortola, British Virgin Islands	Various investment activities.	77,550 (US\$ 2,500)	77,550 (US\$ 2,500)	2,500,000	100.00	2,497,243	647,460	657,425	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.	8,874 (MYR 1,200)	8,874 (MYR 1,200)	1,200,000	100.00	527,561	55,040	55,040	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.	51,183 (US\$ 1,650)	51,183 (US\$ 1,650)	1,650,000	100.00	518,548	51,934	53,317	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.	358,281 (US\$ 11,550)	280,731 (US\$ 9,050)	190,000	100.00	321,492	(33,140)	(31,980)	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	(21,150)	(5,348)	(5,348)	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.	9,306 (US\$ 300)	9,306 (US\$ 300)	300,000	100.00	724,411	92,935	92,610	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.	2,890 (JPY 10,000)	2,890 (JPY 10,000)	200	100.00	4,219	5	5	Subsidiary (Note 1)
	Bizwide Limited	Central, Hong Kong	Various investment activities.	-	-	10,000	100.00	1,074,207	113,211	115,901	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.	959,874 (EUR and US\$ 4,000)	835,794 (EUR 24,676)	170,332,000	100.00	1,706,334	424,757	423,608	Subsidiary (Note 1)
	EA Cable Assemblies GmbH	Nuremberg, German	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	22,321 (EUR 659)	22,321 (EUR 659)	1	100.00	31,651	(721)	(721)	Subsidiary (Note 1)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				September 30, 2019	December 31, 2018	Number of Stock (Shares)	%	Carrying Value			
	BizLink Technology (Belgium) NV	Hasselt, Belgium	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	\$ 417,491 (EUR 12,326)	\$ 417,491 (EUR 12,326)	915	100.00	\$ 525,922	\$ 34,956	\$ 34,956	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.	990,279 (EUR 29,237)	990,279 (EUR 29,237)	(Note 4)	100.00	630,783	(83,215)	(83,215)	Subsidiary (Note 1)
	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.	186,289 (EUR 5,500)	-	(Note 4)	90.00	214,246	(22,601)	(5,606)	Subsidiary (Note 1)
	OW Holding Inc.	Grand Cayman, Cayman Islands	Various investment activities.	690,226 (US\$ 22,251)	466,882 (US\$ 15,051)	2,105,120	93.08	774,883	32,058	29,041	Subsidiary (Note 1)
BizLink Technology Inc.	BobI, LLC	CA 94538,USA	Various leasing activities.	62,040 (US\$ 2,000)	62,040 (US\$ 2,000)	(Note 4)	100.00	61,763	(60)	(60)	Sub-subsiidiary (Note 1)
BizLink (BVI) Corp.	Jo Yeh Company Limited	Kowloon, Hong Kong	(1) Wholesale and retail of connectors, and (2) international trade.	121,443 (US\$ 3,915)	121,443 (US\$ 3,915)	10,000	100.00	130,413	3,654	3,654	Sub-subsiidiary (Note 1)
	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	11,461	(4,643)	(1,857)	-
	ProOptics International Corp.	Grand Cayman, Cayman Islands	Design, manufacture and sale of optical film.	70,201 (US\$ 2,255)	-	2,050,000	Proportion of holding 21.35% Proportion of voting right 27.00%	65,359	(30,367)	(4,603)	-
BizLink International Corp.	AcqaOptics Corp.	Zhubei City, Hsinchu County	Design, manufacture and sale of optical system integration	30,000	-	12,000,000	22.78	26,863	(18,718)	(3,138)	-
Zellwood International Corp.	Bizconn International Corporation	APIA, SAMOA	Various investment activities.	51,710 (US\$ 1,667)	51,710 (US\$ 1,667)	1,666,667	100.00	303,618	23,670	27,149	Sub-subsiidiary (Note 1)
Adel Enterprises Corp.	Asia Wick Ltd.	Central, Hong Kong	Various investment activities.	-	-	1,000	100.00	253,208	27,658	27,696	Sub-subsiidiary (Note 1)
BizLink Technology (S.E.A.) Sdn. Bhd.	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.	438 (INR 1,000)	438 (INR 1,000)	100,000	100.00	2,246	135	135	Sub-subsiidiary (Note 1)
BizLink Technology (Slovakia) S.R.O.	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.	967 (RSD 3,357)	967 (RSD 3,357)	(Note 4)	10.00	23,805	(22,601)	(16,995)	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.	403,260 (US\$ 13,000)	403,260 (US\$ 13,000)	1,400	100.00	738,670	39,001	39,001	Sub-subsiidiary (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 NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

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 September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 13)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019
					Outflow	Inflow						
Bizconn International Corp. (China)	Design, manufacture, sale and assembly of connectors, tooling and cable assemblies.	\$ 77,187 (RMB 17,600)	(2) Note 4	Note 3	Note 3	Note 3	Note 3	\$ 23,646	100.00	\$ 23,646	\$ 259,809	Note 3
TongYing Electronics (Shen Zhen) Ltd.	Manufacture of wire extrusions and cable assemblies.	106,569 (HK\$ 26,936)	(2) Note 5	Note 3	Note 3	Note 3	Note 3	27,571	100.00	27,571	281,661	Note 3
Teralux Technology Co., Ltd.	Research, manufacture and retail of optical and optoelectronic device technology	28,228 (US\$ 910)	(2) Note 6	Note 3	Note 3	Note 3	Note 3	(11,485)	100.00	(11,485)	8,914	Note 3
OptiWorks (Shanghai) Limited	(1) Manufacture, wholesale and retail of fiber optical passive components and fiber optical cables, and (2) international trade.	186,120 (US\$ 6,000)	(2) Note 7	Note 3	Note 3	Note 3	Note 3	(557)	93.08	(515)	203,249	Note 3
OptiWorks (Kunshan) Limited	(1) Production and development of optical communications optoelectronic devices, components and modules, and (2) sale of own products.	93,060 (US\$ 3,000)	(2) Note 7	Note 3	Note 3	Note 3	Note 3	12,098	93.08	10,996	114,944	Note 3
Xiang Yao Electronics (Shen Zhen) Co., Ltd.	Design, manufacture and sale of cable assemblies, power cords, and connectors.	31,020 (US\$ 1,000)	(2) Note 8	Note 3	Note 3	Note 3	Note 3	124,778	100.00	124,778	1,077,898	Note 3
Hwa Zhan Electronics Corp. (Shen Zhen)	Production and operations of computers and communications cables, connectors and fiber jumpers.	9,891 (HK\$ 2,500)	(2) Note 9	Note 3	Note 3	Note 3	Note 3	53,167	100.00	53,167	370,229	Note 3
BizLink (Kun Shan) Co., Ltd.	Design, manufacture and sale of cable assemblies, connectors and power cords.	310,200 (US\$ 10,000)	(2) Note 6	Note 3	Note 3	Note 3	Note 3	628,928	100.00	628,928	2,169,777	Note 3
BizLink Electronics (Xiamen) Co., Ltd.	Manufacture and assembly of power cords and cables.	17,371 (US\$ 560)	(2) Note 10	Note 3	Note 3	Note 3	Note 3	28,303	100.00	28,303	220,049	Note 3
Foshan Nanhai Jo Yeh Electronic Co., Ltd.	Production and operations of electrical appliances, electronic equipment, and plug-in connectors.	62,040 (US\$ 2,000)	(2) Note 11	Note 3	Note 3	Note 3	Note 3	1,697	100.00	1,697	119,020	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.	277,637 (US\$ 5,000) and (RMB 27,940)	(2) Note 12	Note 3	Note 3	Note 3	Note 3	287,936	100.00	287,645	898,870	Note 3
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.	102,242 (US\$ 3,296)	(2) Note 12	Note 3	Note 3	Note 3	Note 3	136,217	100.00	136,199	740,121	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 September 30, 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)