Stock Code:4999

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2019 and 2018

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors SINHER TECHNOLOGY INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of SINHER TECHNOLOGY INC. and its subsidiaries as of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of SINHER TECHNOLOGY INC. and its subsidiaries as of March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Kuan-Ying Kuo and Hsing-Fu Yen.

KPMG

Taipei, Taiwan (Republic of China)
May 2, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Generally Accepted Auditing Standards as of March 31, 2019 and 2018

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2019, December 31, 2018, and March 31, 2018

(Expressed in thousands of New Taiwan Dollars)

	Assets	March 31, 2019 Amount	%	December 31, 2018 Amount	%	March 31, 2018 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note (6)(a))	$ 1,506,374	37	1,366,143	33	1,374,178	35
1150	Notes receivable (note (6)(b))	960	-	721	-	197	-
1170	Accounts receivable, net (note (6)(b))	825,363	20	1,120,089	27	936,054	24
1310	Inventories (note (6)(c))	389,383	10	333,048	8	235,134	6
1476	Other current financial assets	16,028	-	23,993	-	25,109	1
1479	Other current assets	19,108	1	19,032	-	10,393	-
		2,757,216	68	2,863,026	68	2,581,065	66
	Non-current assets:						
1600	Property, plant and equipment (note (6)(d))	1,079,017	27	1,110,403	27	1,132,602	29
1755	Right-of-use assets (note (6)(e))	79,629	2	-	-	-	-
1840	Deferred tax assets	122,420	3	122,420	3	114,860	3
1920	Guarantee deposits paid	1,315	-	1,494	-	1,338	-
1985	Long-term lease prepayments (note (6)(h))	-	-	83,667	2	80,817	2
1990	Other non-current assets	16,364	-	17,748	-	9,015	-
		1,298,745	32	1,335,732	32	1,338,632	34
	Total assets	$ 4,055,961	100	4,198,758	100	3,919,697	100

	Liabilities and Equity	March 31, 2019 Amount	%	December 31, 2018 Amount	%	March 31, 2018 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note (6)(f))	$ -	-	80,000	2	196,420	5
2170	Accounts payable	155,807	4	209,561	5	200,315	5
2200	Other payables (note (7))	210,790	5	246,424	6	183,154	5
2230	Current tax liabilities	108,751	3	105,015	2	100,295	2
2280	Current lease liabilities (note (6)(g))	1,099	-	-	-	-	-
		476,447	12	641,000	15	680,184	17
	Non-Current liabilities:						
2570	Deferred tax liabilities	160,808	4	160,448	4	151,188	4
2580	Non-current lease liabilities (note (6)(g))	1,694	-	-	-	-	-
2640	Net defined benefit liability, non-current (note (6)(i))	663	-	663	-	750	-
		163,165	4	161,111	4	151,938	4
	Total liabilities	639,612	16	802,111	19	832,122	21
	Equity: (note (6)(k))						
3110	**Ordinary share**	744,172	18	744,172	18	744,172	19
3200	**Capital surplus**	462,360	11	462,360	11	484,383	12
	Retained earnings:						
3310	Legal reserve	355,793	9	355,793	8	317,390	8
3320	Special reserve	32,846	1	32,846	1	-	-
3350	Unappropriated retained earnings	1,816,697	45	1,798,435	43	1,635,056	42
		2,205,336	55	2,187,074	52	1,952,446	50
3410	**Exchange differences on translation of foreign financial statements**	4,481	-	3,041	-	(57,037)	(1)
3500	**Treasury shares**	-	-	-	-	(36,389)	(1)
	Total equity	3,416,349	84	3,396,647	81	3,087,575	79
	Total liabilities and equity	$ 4,055,961	100	4,198,758	100	3,919,697	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars , except for earnings per common share)

		For the three months ended March 31			
		2019		2018	
		Amount	%	Amount	%
4100	**Operating revenues** (note (6)(n))	$ 429,168	100	487,543	100
5110	**Cost of sales** (notes (6)(c), (6)(i), (6)(o), (7) and (12))	338,506	79	314,259	64
5900	**Gross profit**	90,662	21	173,284	36
	Operating expenses (notes (6)(i), (6)(o), (7) and (12))				
6100	Selling expenses	16,041	4	20,315	4
6200	Administrative expenses	29,988	6	29,564	6
6300	Research and development expenses	28,978	7	22,272	5
		75,007	17	72,151	15
6900	**Net operating income**	15,655	4	101,133	21
	Non-operating income and expenses:				
7100	Interest income	4,454	1	3,631	1
7190	Other income	175	-	1,913	-
7230	Foreign exchange gains, net (note (6)(p))	2,813	-	-	-
7050	Finance costs	(183)	-	(796)	-
7590	Miscellaneous disbursements	(86)	-	(669)	-
7630	Foreign exchange losses, net (note (6)(p))	-	-	(55,060)	(11)
		7,173	1	(50,981)	(10)
7900	**Profit before tax**	22,828	5	50,152	11
7950	Less: Tax expenses (note (j))	4,566	1	15,549	3
	Profit	18,262	4	34,603	8
8300	**Other comprehensive income:**				
8360	**Items that will be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	1,800	-	(30,238)	(6)
8399	Income tax related to components of other comprehensive income that will be reclassified subsequently to profit or loss (note (6)(j))	360	-	(6,047)	(1)
8300	**Other comprehensive income**	1,440	-	(24,191)	(5)
8500	**Comprehensive income**	$ 19,702	4	10,412	3
	Earnings per common share (note (6)(m))				
9750	**Basic earnings per share (expressed in dollars)**	$	0.25		0.47
9850	**Diluted earnings per share (expressed in dollars)**	$	0.24		0.47

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

Code		Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
A1	**Balance at January 1, 2018**	$ 744,172	476,353	317,390	-	1,600,453	(32,846)	(36,389)	3,069,133
D1	Profit for the three months ended March 31, 2018	-	-	-	-	34,603	-	-	34,603
D3	Other comprehensive income for the three months ended March 31, 2018	-	-	-	-	-	(24,191)	-	(24,191)
D5	Total comprehensive income for the three months ended March 31, 2018	-	-	-	-	34,603	(24,191)	-	10,412
N1	Share-based payments transaction	-	8,030	-	-	-	-	-	8,030
Z1	**Balance at March 31, 2018**	**$ 744,172**	**484,383**	**317,390**	**-**	**1,635,056**	**(57,037)**	**(36,389)**	**3,087,575**
A1	**Balance at January 1, 2019**	$ 744,172	462,360	355,793	32,846	1,798,435	3,041	-	3,396,647
D1	Profit for the three months ended March 31, 2019	-	-	-	-	18,262	-	-	18,262
D3	Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	1,440	-	1,440
D5	Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	18,262	1,440	-	19,702
Z1	**Balance at March 31, 2019**	**$ 744,172**	**462,360**	**355,793**	**32,846**	**1,816,697**	**4,481**	**-**	**3,416,349**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

Reviewed only, not audited in accordance with Generally Accepted Auditing Standards

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars)

		For the three months ended March 31	
		2019	2018
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit before tax**	$ 22,828	50,152
A20000	**Adjustments:**		
A20010	**Adjustments to reconcile profit (loss):**		
A20100	Depreciation expense	41,395	36,620
A20200	Amortization expense	1,542	1,283
A20300	Expected credit loss (gain)	(30)	4,252
A20900	Interest expense	183	796
A21200	Interest income	(4,454)	(3,631)
A21900	Share-based payments transactions	-	8,030
A29900	Others	209	1,480
A20010	**Total adjustments to reconcile profit (loss)**	38,845	48,830
A30000	**Changes in operating assets and liabilities:**		
A31130	Decrease (increase) in notes receivable	(239)	1,017
A31150	Decrease in accounts receivable	294,702	171,292
A31200	Increase in inventories	(56,335)	(24,857)
A31240	Decrease (increase) in other current assets	(76)	361
A31250	Decrease in other current financial assets	3,872	3,391
A31000	**Total changes in operating assets**	241,924	151,204
A32000	**Changes in operating liabilities:**		
A32150	Decrease in accounts payable	(53,754)	(49,378)
A32180	Decrease in other payables	(41,600)	(50,546)
A32000	**Total changes in operating liabilities**	(95,354)	(99,924)
A30000	**Total changes in operating assets and liabilities**	146,570	51,280
A20000	**Total adjustments**	185,415	100,110
A33000	Cash inflow (outflow) generated from operations	208,243	150,262
A33100	Interest received	8,547	5,868
A33300	Interest paid	(183)	(796)
A33500	Income taxes paid	(830)	(8,597)
AAAA	**Net cash flows from (used in) operating activities**	215,777	146,737
BBBB	**Cash flows from (used in) investing activities:**		
B02700	Acquisition of property, plant and equipment	(20,449)	(44,183)
B03800	Decrease in guarantee deposits paid	179	47
B04500	Acquisition of intangible assets	(250)	(477)
BBBB	**Net cash flows from (used in) investing activities**	(20,520)	(44,613)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	-	80,000
C00200	Decrease in short-term borrowings	(80,000)	(80,000)
C03000	Increase (decrease) in guarantee deposits received	(142)	26
C04020	Payment of lease liabilities	(287)	-
CCCC	**Net cash flows from (used in) financing activities**	(80,429)	26
DDDD	**Effect of exchange rate changes on cash and cash equivalents**	25,403	(25,010)
EEEE	**Net increase (decrease) in cash and cash equivalents**	140,231	77,140
E00100	**Cash and cash equivalents at beginning of period**	1,366,143	1,297,038
E00200	**Cash and cash equivalents at end of period**	$ 1,506,374	1,374,178

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS AS OF March 31, 2019 and 2018

SINHER TECHNOLOGY INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

March 31, 2019 and 2018

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

(1) Company history

Sinher Technology Inc. (the "Company") was incorporated in January, 2002 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company' s registered office is No. 27-1, Ln. 169, Kangning St., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.) The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Please refer to note (4)(b) for related information. The major business activities of the Group are involved the research, development, manufacture and sale of Hinge. The Company's common shares were listed in June, 2013 on the Taiwan Stock Exchange (TWSE).

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements for the three months ended March 31, 2019 and 2018 were authorized for issuance by the Board of Directors on May 2, 2019.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

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

(Continued)

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application would not have any material impact on retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note (4)(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of dormitory.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

  In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

  — Applied a single discount rate to a portfolio of leases with similar characteristics.

  — Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

  — Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional \$86,747 of right-of-use assets and \$3,080 of lease liabilities, respectively. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.01%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 3,266
Recognition exemption for:	
short-term leases	(138)
Lease liabilities recognized at December 31, 2018	3,128
Discounted using the incremental borrowing rate at January 1, 2019	3,088
Lease liabilities recognized at January 1, 2019	\$ 3,088

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group recognizes that there is no impact for deferred tax liabilities and retained earnings upon its initial application of the new standard on January 1, 2019.

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of significant accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements.

List of subsidiaries in the consolidated financial statements:

			Shareholding		
Name of investor	**Name of subsidiary**	**Nature of operation**	**March 31, 2019**	**December 31, 2018**	**March 31, 2018**
The Company	Million On International Co., Ltd. (MOI)	General investing	100 %	100 %	100 %
MOI	Sinher (H.K.) Limited	General investing	100 %	100 %	100 %
MOI	Cingher (H.K.) Limited	General investing	100 %	100 %	100 %
Sinher (H.K.) Limited	Kunshan Wanhe Precision Electron Co., Ltd. (Kunshan Wanhe)	Manufacture and sell of Hinge	100 %	100 %	100 %

(Continued)

Name of investor	Name of subsidiary	Nature of operation	Shareholding March 31, 2019	Shareholding December 31, 2018	Shareholding March 31, 2018
Cingher (H.K.) Limited	Chongqing SNR Technology Co., Ltd. (Chongqing SNR)	Manufacture and sell of Hinge	100 %	100 %	100 %
The Company	Profit Earn International Co., Ltd. (Profit)	General investing	100 %	100 %	100 %
Profit	Great Info International Co., Ltd. (Great Info)	Sell of Hinge	100 %	100 %	100 %
Profit	Top Trading Group Limited (Top Trading)	Sell of Hinge	100 %	100 %	100 %
Kunshan Wanhe	Kunshan Qianquan Precision Metal Co., Ltd. (Qianquan)	Manufacture and sell of Hinge	100 %	100 %	100 %

(c) Leases (applicable from January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

   — the Group has the right to operate the asset; or

   — the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of offices that have a lease term of 12 months. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, the significant market fluctuation, significant curtailment, settlement and others, subsequent to the reporting date and was adjusted together with.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note (5) of the consolidated financial statements for the year ended December 31, 2018.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to note (6) of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	$ 1,058	824	548
Checking accounts and demand deposits	800,280	517,444	526,675
Time deposits	705,036	847,875	785,835
Bonds purchased under resale agreements	-	-	61,120
	$ 1,506,374	1,366,143	1,374,178

Please refer to note (6)(p) for the sensitivity analysis for foreign currency of the financial assets and liabilities of the Group.

(b) Notes and accounts receivable

	March 31, 2019	December 31, 2018	March 31, 2018
Notes receivable	$ 960	721	197
Accounts receivable	827,765	1,122,467	943,630
Less: loss allowance	(2,402)	(2,378)	(7,576)
	$ 826,323	1,120,810	936,251
Notes receivable	$ 960	721	197
Accounts receivable, net	$ 825,363	1,120,089	936,054

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including the reasonable prediction of historical credit loss experience and future economic situation.

The loss allowance provision was determined as follows:

	March 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 646,074	0.034%	218
Aging 121~150 days	142,252	0.079%	113
Aging 151~240 days	39,324	2.558%	1,006
Aging over 241 days	852	98.826%	842
Aging over 365 days	223	100%	223
	$ 828,725		2,402

(Continued)

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 858,775	0.051%	435
Aging 121~150 days	181,323	0.123%	223
Aging 151~240 days	71,005	0.325%	231
Aging over 241 days	12,085	12.321%	1,489
	$ 1,123,188		2,378

	March 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Aging under 120 days	$ 698,007	0.026%	182
Aging 121~150 days	221,743	0.034%	76
Aging 151~240 days	17,141	2.229%	382
Aging over 241 days	6,936	100%	6,936
	$ 943,827		7,576

The movements in the allowance for notes and accounts receivable were as follows:

	For the three months ended March 31,	
	2019	2018
Balance on January 1	$ 2,378	3,235
Impairment loss recognized (reversed)	(30)	4,252
Foreign exchange (gains) losses	54	89
Balance on March 31	$ 2,402	7,576

As of March 31, 2019, December 31 and March 31, 2018, the Group did not provide any receivables as collaterals for its loans.

(c) Inventories

	March 31, 2019	December 31, 2018	March 31, 2018
Raw materials	$ 128,009	125,679	49,491
Work in progress	56,421	24,516	57,677
Finished goods	204,953	182,853	127,966
	$ 389,383	333,048	235,134

The write-down of the inventories to net realizable value amounted to $34,093 and $31,192 which was recorded as cost of sales in the three months ended March 31, 2019 and 2018, respectively.

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As of March 31, 2019, December 31 and March 31, 2018, the Group did not provide any inventories as collateral for its loans.

(d) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings and construction	Machinery equipment	Office and other facilities equipment	Unfinished construction and equipment under acceptance	Total
Cost:						
Balance on January 1, 2019	$ 362,813	546,646	715,130	60,653	16,019	1,701,261
Additions	-	2,627	9,544	554	13,832	26,557
Disposals	-	-	(220)	(50)	-	(270)
Effect of movements in exchange rates	-	(15,056)	(8,127)	(1,655)	(33)	(24,871)
Reclassifications	-	11,523	14,710	-	(26,442)	(209)
Balance on March 31, 2019	$ 362,813	545,740	731,037	59,502	3,376	1,702,468
Balance on January 1, 2018	$ 362,813	509,607	628,426	55,257	28,718	1,584,821
Additions	-	3,721	8,434	1,482	30,517	44,154
Disposals	-	-	(3,301)	(2,462)	-	(5,763)
Effect of movements in exchange rates	-	(6,795)	(4,625)	(924)	(14)	(12,358)
Reclassifications	-	-	20,883	-	(21,295)	(412)
Balance on March 31, 2018	$ 362,813	506,533	649,817	53,353	37,926	1,610,442
Depreciation and impairments loss:						
Balance on January 1, 2019	$ -	152,458	396,497	41,903	-	590,858
Depreciation for the year	-	11,386	27,417	1,803	-	40,606
Disposals	-	-	(220)	(50)	-	(270)
Effect of movements in exchange rates	-	(3,425)	(3,394)	(924)	-	(7,743)
Balance on March 31, 2019	$ -	160,419	420,300	42,732	-	623,451
Balance on January 1, 2018	$ -	110,876	302,883	39,318	-	453,077
Depreciation for the year	-	10,878	23,954	1,788	-	36,620
Disposals	-	-	(3,014)	(2,197)	-	(5,211)
Effect of movements in exchange rates	-	(1,936)	(3,928)	(782)	-	(6,646)
Balance on March 31, 2018	$ -	119,818	319,895	38,127	-	477,840
Book value:						
Balance on January 1, 2019	$ 362,813	394,188	318,633	18,750	16,019	1,110,403
Balance on March 31, 2019	$ 362,813	385,321	310,737	16,770	3,376	1,079,017
Balance on January 1, 2018	$ 362,813	398,731	325,543	15,939	28,718	1,131,744
Balance on March 31, 2018	$ 362,813	386,715	329,922	15,226	37,926	1,132,602

(Continued)

As of March 31, 2019, December 31 and March 31, 2018, the property, plant and equipment of the Group had not been pledged as collateral.

(e) Right-of-use assets

The Group leases many assets including land and vehicles. Information about leases for which the Group as a leases is presented below:

	Land	Vehicles	Total
Cost:			
Balance on January 1, 2019	$ -	-	-
Effects of retrospective application	83,667	3,080	86,747
Effect of movements in exchange rates	(6,329)	-	(6,329)
Balance on March 31, 2019	$ 77,338	3,080	80,418
Depreciation and impairments loss:			
Balance on January 1, 2019	$ -	-	-
Depreciation for the year	499	290	789
Balance on March 31, 2019	$ 499	290	789
Carrying amounts:			
Balance on March 31, 2019	$ 76,839	2,790	79,629

The Group leases offices and official vehicles under the operating lease for the three months ended March 31, 2018, please refer to note (6)(h).

(f) Short-term borrowings

	March 31, 2019		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	1.01%	$ -
Unused short-term credit lines			$ 435,740

	December 31, 2018		
	Currency	Range of interest rates	Amount
Unsecured bank loans	NTD	1.01%	$ 80,000
	USD	2.28%~2.98%	-
			$ 80,000
Unused short-term credit lines			$ 427,150

(Continued)

	March 31, 2018		
	Currency	**Range of interest rates**	**Amount**
Unsecured bank loans	NTD	1.01%	$ 80,000
	USD	2.28%~2.54%	116,420
			$ 196,420
Unused short-term credit lines			$ 441,945

(i) For information on the Group's foreign currency risk, please refer to note (6)(p).

(ii) As of March 31, 2019, December 31 and March 31, 2018, the Company provides endorsements and guarantees for the credit loans and the credit lines of the subsidiaries of the Group, please refer to note (13)(a) for details.

(iii) As of March 31, 2019, December 31 and March 31, 2018, the Group did not provide any assets pledged as collaterals.

(g) Lease liabilities

The lease liabilities of the Group were as follows:

	March 31, 2019		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than one year	$ 1,122	23	1,099
Between two and five years	1,711	17	1,694
	$ 2,833	40	2,793
Current	$ 1,122	23	1,099
Non-current	$ 1,711	17	1,694

There were no significant issues, repurchases and repayments of lease liabilities for the three months ended March 31, 2019.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2019
Interest on lease liabilities	$ 7
Expenses relating to short-term leases	$ 50

(Continued)

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31, 2019
Total cash outflow for leases	$ 344

(i) Leases of land and vehicles

The Group leases land and vehicles for a period of 1 to 50 years.

(ii) Other leases

The Group leases offices with contract terms of one year. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(h) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2018. Please refer to note (6)(f) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

(i) Employee benefits

(i) Defined benefit plans

Given there was no material volatility of the market or any significant reimbursement, settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2018 and 2017.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended March 31,	
	2019	2018
Cost of sales and operating expenses	$ 38	49

(ii) Defined contribution plans

The Group recognized its pension costs under the defined contribution plans were as follows:

	For the three months ended March 31,	
	2019	2018
Cost of sales and operating expenses	$ 9,412	8,326

(j) Income taxes

The Group entries are subject to income tax rates, according to before tax of the interim reporting period, multiply by the best estimated measurement of the expected effective tax rate by the mangers in all the year.

(i) The amount of income tax was as follows:

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Current tax expense	$ 4,566	15,549

(ii) The amount of income tax (profit) recognized in other comprehensive income was as follows:

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ 360	(6,047)

(iii) The Company's tax returns for the years through 2016 were assessed by the tax authority.

(k) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2019 and 2018. For the related information, please refer to note (6)(i) of the consolidated financial statements for the year ended December 31, 2018.

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Additional paid in capital	$ 454,028	454,028	476,353
Share-based payment transaction – treasury stock	8,332	8,332	8,030
	$ 462,360	462,360	484,383

The distribution of cash dividend from capital surplus amounting to $22,325 ($0.3 dollars per shares) was decided via the meeting of the Board of Directors held on March 28, 2019.

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(ii) Retained Earnings

1) The Company's article of incorporation stipulate that Company's net earnings should be distributed in order of priority as follow:

A. Offset the prior years' deficits.

B. Of the remaining balance, 10% is to be appropriated as legal reserve until such retention equals the amount of total capital.

C. Special reserves are supposed to set aside or are reversed in accordance with the relevant regulations or depending on the Company's operation.

D. After the above appropriation, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to decide on this matter. The total distribution shall not be less than 10% of the remaining earning calculated by the above items.

The Company will consider the environment, growing level, capital demand in the future, financial structure, the situation of earnings and the balancing dividend policies. Depending on the capital demand and the dilution for the earning per share, the Company will distribute earnings by cash or by shares, and the amount of cash dividends should not be lower than 10% of the total dividends.

2) Earnings distribution

Earnings distribution for 2018 and 2017 was decided by the resolution adopted, at the meeting of the Board of Directors held on March 28, 2019 and the general meeting of shareholders held on June 26, 2018, respectively. The relevant dividend distributions to shareholders were as follows:

	2018		2017	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Cash dividends distributed to ordinary shareholders	$ 3.2	238,135	2.7	200,927

(iii) Treasury shares

In 2015, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 879 thousand shares as treasury shares, amounted to $36,389, in order to transfer shares to employees. Besides, as of March 22, 2018, the board meetings decided to transfer this 879 thousand treasury shares to employees to purchase, and wrote down the treasury cost to $36,389. As of 31 December 2018, the transaction was completed.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The shares purchased for the purpose to transferring to employees shall be transferred within three years from the date of share repurchase. Those shares which were not transferred within the period shall be deemed as unissued by the Company and should be cancelled. Furthermore, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(l) Share-based payment—treasury shares

The changes in the treasury shares that the Company repurchased for the purpose of transferring to employees for the three months ended March 31, 2019 and 2018 were as follows:

	For the three months ended March 31,			
	2019		2018	
	Shares (in thousands)	Total Amount	Shares (in thousands)	Total Amount
Treasury amount at January 1 (Same as treasury amount at December 31)	-	$ -	879	36,389

The 879 thousand shares of treasury shares were decided to transfer to employees with a par value of $41.868 dollars by the Board of Directors on March 22, 2018. The Company evaluated the fair value of this share-based payment to $8,030 which was recognized as compensation cost, and write off the treasury share cost amounting $36,389 thousand, then recognized capital surplus-treasury shares transaction amounting $8,332 after the employees completed the payment.

(m) Earnings per share

The Group's basic and diluted earnings per share are calculated as follows:

	For the three months ended March 31,	
	2019	2018
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 18,262	34,603
Weighted average number of outstanding ordinary shares (in thousands)	74,417	73,538
Basic earnings per share (in dollars)	$ 0.25	0.47
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 18,262	34,603

	For the three months ended March 31,	
	2019	**2018**
Weighted average number of outstanding ordinary shares (in thousands)	74,417	73,538
Effect of potential diluted ordinary shares (in thousands)		
Effect of employee stock compensation	451	309
Weighted average number of ordinary shares (after adjustment of potential diluted ordinary shares)	**74,868**	**73,847**
Diluted earnings per share (in dollars)	$ **0.24**	**0.47**

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31,	
	2019	**2018**
Primary geographical markets:		
Taiwan	$ 8,336	9,302
China	309,170	380,508
Singapore	82,962	81,398
Others	28,700	16,335
	$ **429,168**	**487,543**
Major product:		
Hinge components	$ **429,168**	**487,543**

(ii) Contract balances

For details on notes and accounts receivable and allowance for uncollectible accounts, please refer to note (6)(b).

(o) Employee compensation and directors and supervisors remuneration

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee compensation and a maximum of 1% as directors and supervisors remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The aforementioned employee compensation should be distributed by shares or by cash, and the recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The remunerations to employees amounted to $1,337 and $2,903 and the remuneration to directors and supervisors amounted to $146 and $317 for the three months ended March 31, 2019 and 2018, respectively. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which was stated under the Company's Management proposal. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates, and will be reflected in profit or loss in the following year. Shares distributed to employees as employees remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors. The remunerations to employees amounted to $36,421 and $28,714 and the remuneration to directors and supervisors amounted to $3,973 and $3,132, in 2018 and 2017, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017. The information is available on the Market Observation Post System website.

(p) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note (6)(n) of the 2018 annual consolidated financial statements.

(i) Credit risk

For credit risk exposure of notes and accounts receivable, please refer to note (6)(b).

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, excluding estimated interest payments.

	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
March 31, 2019					
Non-derivative financial liabilities:					
Accounts payable	$ 155,807	(155,807)	(155,807)	-	-
Other payables	107,328	(107,328)	(107,328)	-	-
Lease liabilities (including current and non-current)	2,793	(2,833)	(1,122)	(989)	(722)
	$ 265,928	(265,968)	(264,257)	(989)	(722)

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	Carrying Amount	Contractual cash flows	Within a year	1-2 years	Over 2 years
December 31, 2018					
Non-derivative financial liabilities:					
Short-term borrowings	$ 80,000	(80,000)	(80,000)	-	-
Accounts payable	209,561	(209,561)	(209,561)	-	-
Other payables	98,608	(98,608)	(98,608)	-	-
	$ 388,169	(388,169)	(388,169)	-	-
March 31, 2018					
Non-derivative financial liabilities:					
Short-term borrowings	$ 196,420	(196,420)	(196,420)	-	-
Accounts payable	200,315	(200,315)	(200,315)	-	-
Other payables	89,277	(89,277)	(89,277)	-	-
	$ 486,012	(486,012)	(486,012)	-	-

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's significant exposure to foreign currency risk was as follows:

	March 31, 2019			December 31, 2018			March 31, 2018		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 54,644	USD/NTD =30.82	1,684,114	57,622	USD/NTD =30.715	1,769,865	52,362	USD/NTD =29.105	1,524,077
USD	29,340	USD/CNY =6.7335	904,821	-	USD/CNY =6.8632	-	-	USD/CNY =6.2881	-
CNY	-	USD/CNY =6.7335	-	74,965	USD/CNY =6.8632	335,490	57,671	USD/CNY =6.2881	266,937
Financial liabilities									
Monetary items									
USD	29,405	USD/CNY =6.7335	906,830	117,770	USD/CNY =6.8632	527,054	89,208	USD/CNY =6.2881	412,908

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) 5% of each foreign currency against the functional currency for the three months ended March 31, 2019 and 2018 would have affected the net profit before tax as follows, the analysis is performed on the same basis for both periods.

	For the three months ended March 31, 2019	2018
USD (against the NTD)	$ 84,206	76,204
USD (against the CNY)	(100)	-
CNY (against the USD)	-	(7,299)

3) Exchange gains and losses of monetary items

Gains or losses on foreign exchange of the Group's monetary items from the translation of functional currency, including realized and unrealized portion, and the information about the exchange rate of the translation to NTD, which is the presentation currency of the Company, were as follows:

	For the three months ended March 31,			
	2019		2018	
Functional currency	Exchange gain (loss)	Average rate	Exchange gain (loss)	Average rate
NTD	$ 7,407	-	(32,393)	-
CNY	CNY(1,006)	USD/NTD =4.5655	-	-
USD	USD -	USD/NTD =30.8284	USD (774)	USD/NTD =29.3004

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents Group management' s assessment of the reasonably possible interest rate change.

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If the interest rate had increased or decreased by 0.25%, the Group' s net profit before tax would have increased or decreased by $500 and $206 for the three months ended March 31, 2019 and 2018, respectively, which would be mainly resulted from the bank savings, and borrowings with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	March 31, 2019				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,506,374	-	-	-	-
Notes receivable	960	-	-	-	-
Accounts receivable	825,363	-	-	-	-
Other current financial assets	16,028	-	-	-	-
Guarantee deposits paid	1,315	-	-	-	-
	$ 2,350,040	-	-	-	-
Financial liabilities measured at amortized cost:					
Accounts payable	$ 155,807	-	-	-	-
Other payables	107,328	-	-	-	-
Lease liabilities (including current and non-current)	2,793	-	-	-	-
	$ 265,928	-	-	-	-

	December 31, 2018				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,366,143	-	-	-	-
Notes receivable	721	-	-	-	-
Accounts receivable	1,120,089	-	-	-	-
Other current financial assets	23,993	-	-	-	-
Guarantee deposits paid	1,494	-	-	-	-
	$ 2,512,440	-	-	-	-

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	December 31, 2018				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 80,000	-	-	-	-
Accounts payable	209,561	-	-	-	-
Other payables	98,608	-	-	-	-
	$ 388,169	-	-	-	-

	March 31, 2018				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,374,178	-	-	-	-
Notes receivable	197	-	-	-	-
Accounts receivable	936,054	-	-	-	-
Other current financial assets	25,109	-	-	-	-
Guarantee deposits paid	1,338	-	-	-	-
	$ 2,336,876	-	-	-	-
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 196,420	-	-	-	-
Accounts payable	200,315	-	-	-	-
Other payables	89,277	-	-	-	-
	$ 486,012	-	-	-	-

There was no transfers of financial instruments between any levels for the three months ended March 31, 2019 and 2018.

2) Valuation technique for financial instruments measured at fair value

Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(q) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in note (6)(o) of the 2018 annual consolidated financial statements.

(r) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in note (6)(p) of the 2018 annual consolidated financial statements. Also, Management believes that there were no significant changes in the Group's capital management information as disclosed in the 2018 annual financial statements.

(s) Investing and financial activities not affecting current cash flow

There are no non-cash investing and financing activities for the three months ended March 31, 2019 and 2018. Reconciliations of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2019	**Cash flow**	**Exchange movement**	**March 31, 2019**
Short-term borrowings	$ 80,000	(80,000)	-	-
Guarantee deposits received	1,744	(142)	-	1,602
Lease liabilities	3,080	(287)	-	2,793
Total liabilities from financing activities	$ 84,824	(80,429)	-	4,395

			Non-cash changes	
	January 1, 2018	**Cash flow**	**Exchange movement**	**March 31, 2018**
Short-term borrowings	$ 199,040	-	(2,620)	196,420
Guarantee deposits received	1,594	26	-	1,620
Total liabilities from financing activities	$ 200,634	26	(2,620)	198,040

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	**Relationship with the Group**
Daher Mold Co. (Daher)	Same chairman with the Company

(b) Significant transaction with related parties

(i) Property transactions

For the three months ended March 31, 2019 and 2018, the Group purchased some fixtures and consumable material from Daher amounting to \$3,323 and \$2,967, respectively, and were recognized as operating cost and researching and developing cost, respectively. As of March 31, 2019, December 31, and March 31, 2018, the outstanding balance amounting to \$4,734, \$5,708 and \$4,362, respectively, were recognized as other payables.

(ii) Leases

The Group rented office from Daher and paid monthly rental to them. The rental expense for the above amount was paid in full for the three months ended March 31, 2019 and 2018, amounted to \$ 0 and \$320, respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31, 2019	2018
Short-term employee benefits	$ 3,701	3,798
Post-employment benefits	90	89
	$ 3,791	3,887

(8) Pledged assets: None.

(9) Commitments and contingencies:

(a) The information for the Group's bank credit lines, guarantees and endorsements, please refer to note (13)(a).

(b) Unrecognized contractual commitments:

As of March 31, 2019, December 31, and March 31, 2018, the future payments for the purchase of the Group' s significant equipment and constructions amounted to \$1,127, \$9,678 and \$49,186, respectively.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the three months ended March 31, 2019 Cost of Sale	2019 Operating Expense	2019 Total	2018 Cost of Sale	2018 Operating Expense	2018 Total
Employee benefits						
Salary	127,998	29,318	157,316	116,178	35,293	151,471
Labor and health insurance	6,762	2,138	8,900	5,266	1,471	6,737
Pension	8,134	1,316	9,450	7,196	1,179	8,375
Others	8,124	1,309	9,433	8,211	1,264	9,475
Depreciation	37,350	4,045	41,395	34,070	2,550	36,620
Amortization	25	1,517	1,542	138	1,145	1,283

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2019:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of foreign currency)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	Kunshan Wanhe	(Note 2)	1,024,905	92,460 (US$3,000)	61,640 (US$2,000)	-	-	1.80 %	1,708,175	Y	-	Y
0	〃	Chongqing SNR	(Note 2)	1,024,905	215,740 (US$7,000)	154,100 (US$5,000)	-	-	4.51 %	1,708,175	Y	-	Y

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 30% of the Company's net worth. For external endorsements/ guarantees, the total amount of endorsements/ guarantees the Company is permitted to make shall not exceed 50% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 30% of the transaction amount in the last fiscal year or the expecting amount of the current year.

Note 2: The subsidiary whose ordinary shares over 50% owned by the Company and its subsidiaries.

Note 3: The target of endorsements/ guarantees above is primary entity of consolidated balance sheets .

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(iii) Information regarding securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Great Info	100% owned sub-subsidiary	(Sales)	(213,803)	(85) %	Depending on the demand for funding, OA 90	According to cost-plus pricing	General export sales in 120~150 days	99,349	68%	Note
Great Info	Kunshan Wanhe	With the same ultimate parent company	(Sales)	(102,870)	(37) %	〃	〃	-	348,844	39%	〃
〃	Chongqing SNR	〃	(Sales)	(175,224)	(63) %	〃	〃	-	552,815	61%	〃
〃	The Company	The parent company	Purchases	213,803	100 %	〃	〃	-	(99,349)	(100)%	〃
Kunshan Wanhe	Great Info	With the same ultimate parent company	Purchases	102,870	51 %	〃	〃	General purchase in 90~120 days	(348,844)	(78)%	〃
Chongqing SNR	Great Info	〃	Purchases	175,224	67 %	〃	〃	General purchase in 90~120 days	(552,815)	(65)%	〃

Note：The transactions have been eliminated in the consolidated financial statement.

(Continued)

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent	Allowance for bad debts	Note
					Amount	Action taken			
Great Info	Kunshan Wanhe	With the same ultimate parent company	348,844	1.23	-	-	35,205	-	〃
〃	Chongqing SNR	〃	552,815	1.30	-	-	78,819	-	〃
Kunshan Wanhe	Chongqing SNR	〃	246,781	0.75	-	-	20,236	-	〃

Note 1 : Information as of reporting date.
Note 2 : The transactions have been eliminated in the consolidated financial statement.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Great Info	1	Sales Revenue	213,803	The price is marked-up based on operating cost. Depending on the funding demand, and the credit term is OA 90 days.	49.82%
0	〃	〃	1	Accounts Receivable	99,349	〃	2.45%
1	Great Info	Kunshan Wanhe	3	Sales Revenue	102,870	〃	23.97%
1	〃	〃	3	Accounts Receivable	348,844	〃	8.60%
1	〃	Chongqing SNR	3	Sales Revenue	175,224	〃	40.83%
1	〃	〃	3	Accounts Receivable	552,815	〃	13.63%

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1. represents the transactions from the parent company to its subsidiaries
2. represents the transactions from the subsidiaries to the the parent company
3. represents the transactions between the subsidiaries

Note3: The transactions have been eliminated in the consolidated financial statement.

(b) Information on investments:

The following are the information on investees for the three months ended March 31, 2019 (excluding information on investees in Mainland China):

(In thousands of foreign currency)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount March 31, 2019	Original investment amount December 31, 2018	Balance as of March 31, 2019 Shares	Balance as of March 31, 2019 Percentage of ownership	Balance as of March 31, 2019 Carrying amount	Net income (losses) of investee	Share of profit/losses of investee	Note
The Company	MOI	Samoa	Investment activities	$ 590,418	590,418	19,800,000	100%	1,123,718	(88,014)	(88,014)	Subsidiary
〃	Profit	Samoa	〃	-	-	-	100%	192,848	(3,527)	(3,527)	〃
	Total			$ 590,418	590,418			1,316,566		(91,541)	
MOI	Sinher (H.K.) Limited	Hongkong	Investment activities	$ 319,176 (USD10,600)	319,176 (USD10,600)	10,600,000	100%	856,412	(20,231)	(20,231)	A sub-subsidiary company
〃	Cingher (H.K.) Limited	Hongkong	〃	271,242 (USD9,200)	271,242 (USD9,200)	9,200,000	100%	243,229	(67,783)	(67,783)	〃
	Total			$ 590,418	590,418			1,099,641		(88,014)	
Profit	Great Info	Samoa	Sell of hinge components	USD -	USD -	-	100%	96,004 (USD3,115)	(2,801) (USD(91))	(2,801) (USD(91))	〃
〃	Top Trading	Anguilla	〃	USD -	USD -	-	100%	96,844 (USD3,142)	(726) (USD(24))	(726) (USD(24))	〃
								192,848		(3,527)	

Note 1: The transaction have been eliminated in the consolidated financial statement.

(c) Information on investment in Mainland China:

(i) The following is the information on investees in Mainland China:

(In thousands of foreign currency)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of March 31, 2019	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Kunshan Wanhe	Manufacture and sell of hinge components	319,176 (USD10,600)	(Note 1) & (Note 4)	319,176 (USD10,600)	-	-	319,176 (USD10,600)	(20,231) (CNY(4,431))	100.00%	(20,231) (CNY(4,431))	856,341	-
Chongqing SNR	Manufacture and sell of hinge components	271,242 (USD9,200)	(Note 1) & (Note 5)	271,242 (USD9,200)	-	-	271,242 (USD9,200)	(67,783) (CNY(14,847))	100.00%	(67,783) (CNY(14,847))	243,213	-
Qianquan	Manufacture and sell of hinge components	13,299 (CNY2,700)	(Note 6)	(Note 6)	(Note 6)	-	(Note 6)	(710) (CNY(156))	100.00%	(710) (CNY(156))	4,606 (CNY1,006)	-

Note 1: Indirect investment in Mainland China through companies registered in a third region.
Note 2: The gains and losses on investment of the companies were recognized according to the investees' financial statements which had been reasonably audited by the certified public accountants of the parent company, the amounts shown in the table were translated into New Taiwan Dollars at the average rate of the three months ended March 31, 2019.
Note 3: The amounts shown in the table were translated into New Taiwan Dollars at the three months ended March 31, 2019 average exchange rates .
Note 4: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Sinher (H.K.) Limited.
Note 5: Indirect investment in Mainland China through companies registered in Million On International Co., Ltd and Cingher (H.K.) Limited.
Note 6: Kunshan Wanhe is established with its own capital.

(ii) Upper limit on investment in Mainland China:

(In thousands of dollars)

Accumulated Investment in Mainland China as of March 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
590,418 (USD19,800)	590,418 (USD19,800)	2,049,809

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant inter Company transactions".

(14) Segment information:

This segment is mainly involved in manufacturing hinge components business. Therefore, the Group don't need to disclose segment information.