ARES INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2019 AND 2018

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Introduction

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

Scope of Review

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

Basis for Qualified Conclusion

The accompanying consolidated financial statements included certain non-significant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for using equity method) amounting to NT$122,275 thousand and NT$104,934 thousand, constituting 10.59% and 9.85% of the consolidated total assets, and total liabilities amounting to NT$13,130 thousand and NT$10,785 thousand, constituting 3.01% and 2.98% of the consolidated total liabilities as of September 30, 2019 and 2018, respectively, and total comprehensive income (including share of profit of associates and joint ventures accounted for using equity method) amounting to NT$3,993 thousand, NT$7,955 thousand, NT$8,843 thousand and

NT$9,537 thousand, constituting 30.36%, 45.14%, 18.92% and 27.04% of consolidated total comprehensive income for the three months and nine months then ended, respectively. These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of these consolidated subsidiaries and investments accounted for under equity method.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan
CPA Yu, Shu-Fen

For and on behalf of PricewaterhouseCoopers, Taiwan
November 8, 2019

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019, DECEMBER 31, 2018 AND SEPTEMBER 30, 2018
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2019 and 2018 are unaudited)

	Assets	Notes	September 30, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	September 30, 2018 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 436,014	38	$ 497,743	45	$ 364,808	34
1136	Financial assets at amortised cost - current	6(2) and 8	324,480	28	233,960	21	319,785	30
1140	Contract assets - current	6(16)	60,301	5	55,406	5	54,676	5
1150	Notes receivable, net	6(3)	-	-	4,871	-	1,200	-
1170	Accounts receivable, net	6(3)	105,962	9	108,651	10	122,328	12
1180	Accounts receivable - related parties, net	7	-	-	1,539	-	308	-
1200	Other receivables		2,599	1	4,817	-	5,523	1
1410	Prepayments	6(4) and 7	36,134	3	40,947	4	41,482	4
1470	Other current assets	8	48,248	4	50,284	4	33,983	3
11XX	**Total current assets**		1,013,738	88	998,218	89	944,093	89
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,835	-	2,775	-	2,775	-
1550	Investments accounted for under equity method	6(6)	71,347	6	70,907	6	64,180	6
1600	Property, plant and equipment, net	6(7)	6,826	-	8,123	1	8,745	1
1755	Right-of-use assets	6(8)	22,454	2	-	-	-	-
1780	Intangible assets		384	-	1,247	-	1,535	-
1840	Deferred income tax assets		30,087	3	28,315	3	29,547	3
1900	Other non-current assets	8	7,666	1	7,650	1	14,197	1
15XX	**Total non-current assets**		140,599	12	119,017	11	120,979	11
1XXX	**Total assets**		$ 1,154,337	100	$ 1,117,235	100	$ 1,065,072	100

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ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2019, DECEMBER 31, 2018 AND SEPTEMBER 30, 2018
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2019 and 2018 are unaudited)

			September 30, 2019		December 31, 2018		September 30, 2018	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2130	Contract liabilities - current	6(16)	$ 142,839	12	$ 96,225	9	$ 83,313	8
2150	Notes payable		-	-	-	-	13	-
2170	Accounts payable	6(9)	40,798	4	49,253	5	52,035	5
2180	Accounts payable - related parties	7	3,507	-	3,809	-	2,606	-
2200	Other payables	6(10)	79,083	7	98,997	9	76,731	7
2230	Current income tax liabilities		8,904	1	3,007	-	-	-
2250	Provisions for liabilities - current	6(12)	1,422	-	2,152	-	1,931	-
2280	Current lease liabilities		17,388	2	-	-	-	-
2300	Other current liabilities		-	-	-	-	8,089	1
21XX	**Total current liabilities**		293,941	26	253,443	23	224,718	21
	Non-current liabilities							
2570	Deferred income tax liabilities		-	-	217	-	-	-
2580	Non-current lease liabilities		5,371	-	-	-	-	-
2640	Accrued pension liabilities		137,371	12	135,946	12	137,020	13
25XX	**Total non-current liabilities**		142,742	12	136,163	12	137,020	13
2XXX	**Total liabilities**		436,683	38	389,606	35	361,738	34
	Equity attributable to owners of parent							
	Share capital	6(13)						
3110	Share capital - common stock		472,539	41	472,539	42	472,539	44
	Capital surplus	6(14)						
3200	Capital surplus		142,877	12	146,592	13	146,563	14
	Retained earnings	6(15)						
3310	Legal reserve		51,866	4	45,439	4	45,439	4
3320	Special reserve		7,708	1	2,858	-	2,858	-
3350	Unappropriated retained earnings		46,875	4	64,267	6	40,253	4
	Other equity interest							
3400	Other equity interest		(7,835)	-	(7,708)	-	(7,921)	-
31XX	**Equity attributable to owners of the parent**		714,030	62	723,987	65	699,731	66
36XX	**Non-controlling interest**		3,624	-	3,642	-	3,603	-
3XXX	**Total equity**		717,654	62	727,629	65	703,334	66
	Significant contingent liabilities and unrecognised contract commitents	9						
3X2X	**Total liabilities and equity**		$ 1,154,337	100	$ 1,117,235	100	$ 1,065,072	100

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2019		2018		2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(16) and 7	$ 167,002	100	$ 175,247	100	$ 499,660	100	$ 471,195	100
5000	**Operating costs**	6(19)(20) and 7	(99,487)	(60)	(110,221)	(63)	(292,761)	(58)	(314,199)	(67)
5950	**Gross profit**		67,515	40	65,026	37	206,899	42	156,996	33
	Operating expenses	6(19)(20) and 7								
6100	Selling expenses		(17,424)	(10)	(16,216)	(9)	(49,758)	(10)	(47,149)	(10)
6200	General and administrative expenses		(13,947)	(8)	(11,757)	(7)	(39,752)	(8)	(38,542)	(8)
6300	Research and development expenses		(22,705)	(14)	(21,295)	(12)	(69,987)	(14)	(55,618)	(12)
6450	(Provision for) reversal of expected credit losses	6(19) and 12(2)	(287)	-	1,446	1	409	-	3,950	1
6000	**Total operating expenses**		(54,363)	(32)	(47,822)	(27)	(159,088)	(32)	(137,359)	(29)
6900	**Operating profit**		13,152	8	17,204	10	47,811	10	19,637	4
	Non-operating income and expenses									
7010	Other income	6(17)	2,298	2	1,668	1	7,275	1	5,159	1
7020	Other gains and losses	6(18)	(4,627)	(3)	(2,257)	(2)	(343)	-	2,534	1
7050	Finance costs	6(8)	(190)	-	(86)	-	(660)	-	(273)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(6)	3,387	2	4,767	3	5,036	1	8,984	2
7000	**Total non-operating income and expenses**		868	1	4,092	2	11,308	2	16,404	4
7900	**Profit before income tax**		14,020	9	21,296	12	59,119	12	36,041	8
7950	Income tax expense	6(21)	(2,952)	(2)	(2,547)	(1)	(12,142)	(3)	(1,562)	-
8200	**Profit for the period**		$ 11,068	7	$ 18,749	11	$ 46,977	9	$ 34,479	8

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ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2019		2018		2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(5)	$ -	-	$ -	-	$ 254	-	$ 705	-
8349	Income tax relating to components of other comprehensive income	6(21)	-	-	-	-	(51)	-	223	-
8310	**Other comprehensive income that will not be reclassified to profit or loss**		-	-	-	-	203	-	928	-
	Other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		(1,917)	(1)	(1,138)	(1)	(533)	-	(184)	-
8399	Income tax relating to components of other comprehensive income	6(21)	352	-	115	-	83	-	144	-
8360	**Other comprehensive loss that will be reclassified to profit or loss**		(1,565)	(1)	(1,023)	(1)	(450)	-	(40)	-
8500	**Total comprehensive income for the period**		$ 9,503	6	$ 17,726	10	$ 46,730	9	$ 35,367	8
	Profit (loss) attributable to:									
8610	Owners of the parent		$ 11,137	7	$ 18,718	11	$ 46,875	9	$ 34,503	8
8620	Non-controlling interest		(69)	-	31	-	102	-	(24)	-
			$ 11,068	7	$ 18,749	11	$ 46,977	9	$ 34,479	8
	Total comprehensive income (loss) attributable to:									
8710	Owners of the parent		$ 9,729	6	$ 17,738	10	$ 46,748	9	$ 35,372	8
8720	Non-controlling interest		(226)	-	(12)	-	(18)	-	(5)	-
			$ 9,503	6	$ 17,726	10	$ 46,730	9	$ 35,367	8
	Earnings per share (in dollars)	6(22)								
9750	**Basic earnings per share**		$ 0.24		$ 0.40		$ 0.99		$ 0.73	
		6(22)								
9850	**Diluted earnings per share**		$ 0.23		$ 0.40		$ 0.98		$ 0.73	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Nine months ended September 30, 2018											
Balance at January 1, 2018		$ 472,539	$ 164,777	$ 42,609	$ 6,430	$ 28,297	($ 2,858)	$ -	$ 711,794	$ 3,608	$ 715,402
Effect of retrospective application and restatement		-	-	-	-	5,386	-	(5,568)	(182)	-	(182)
Balance after restatement on January 1		472,539	164,777	42,609	6,430	33,683	(2,858)	(5,568)	711,612	3,608	715,220
Profit (loss) for the period		-	-	-	-	34,503	-	-	34,503	(24)	34,479
Other comprehensive income (loss)		-	-	-	-	364	(59)	564	869	19	888
Total comprehensive income (loss)		-	-	-	-	34,867	(59)	564	35,372	(5)	35,367
Appropriation of 2017 earnings	6(15)										
Legal reserve		-	-	2,830	-	(2,830)	-	-	-	-	-
Reversal of special reserve		-	-	-	(3,572)	3,572	-	-	-	-	-
Cash dividends		-	-	-	-	(29,039)	-	-	(29,039)	-	(29,039)
Capital surplus distributed as dividends	6(14)	-	(18,214)	-	-	-	-	-	(18,214)	-	(18,214)
Balance at September 30, 2018		$ 472,539	$ 146,563	$ 45,439	$ 2,858	$ 40,253	($ 2,917)	($ 5,004)	$ 699,731	$ 3,603	$ 703,334
Nine months ended September 30, 2019											
Balance at January 1, 2019		$ 472,539	$ 146,592	$ 45,439	$ 2,858	$ 64,267	($ 2,704)	($ 5,004)	$ 723,987	$ 3,642	$ 727,629
Profit for the period		-	-	-	-	46,875	-	-	46,875	102	46,977
Other comprehensive income (loss)		-	-	-	-	-	(330)	203	(127)	(120)	(247)
Total comprehensive income (loss)		-	-	-	-	46,875	(330)	203	46,748	(18)	46,730
Appropriation of 2018 earnings	6(15)										
Legal reserve		-	-	6,427	-	(6,427)	-	-	-	-	-
Special reserve		-	-	-	4,850	(4,850)	-	-	-	-	-
Cash dividends		-	-	-	-	(52,990)	-	-	(52,990)	-	(52,990)
Capital surplus distributed as dividends	6(14)	-	(3,715)	-	-	-	-	-	(3,715)	-	(3,715)
Balance at September 30, 2019		$ 472,539	$ 142,877	$ 51,866	$ 7,708	$ 46,875	($ 3,034)	($ 4,801)	$ 714,030	$ 3,624	$ 717,654

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2019	Nine months ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 59,119	$ 36,041
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on expected credit loss impairment	6(19) and 12(2)	(409)	(3,950)
Depreciation of property, plant and equipment	6(7)(19)	2,184	5,139
Depreciation of right-of-use asset	6(8)(19)	12,793	-
Interest income	6(17)	(6,717)	(4,753)
Interest expense	6(8)	660	273
Amortization	6(19)	863	863
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(5,036)	(8,984)
Loss (gain) on disposal of property, plant and equipment	6(18)	47	(286)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		-	(22,967)
Notes receivable		4,871	771
Accounts receivable		(1,797)	8,742
Accounts receivable - related parties		1,539	62
Other receivables		1,437	1,290
Prepayments		3,457	(7,124)
Other current assets		2,697	9,557
Changes in operating liabilities			
Contract liabilities		46,614	24,793
Notes payable		-	13
Accounts payable		(8,455)	(12,045)
Accounts payable - related parties		(302)	900
Other payables		(19,914)	(11,875)
Provisions for liabilities - current		(730)	(3,853)
Other current liabilities		-	3,848
Accrued pension liabilities		1,426	(5,210)
Other non-current liabilities		-	1,058
Cash inflow generated from operations		94,347	12,303
Interest received		7,498	5,340
Income tax paid		(6,479)	(483)
Net cash flows from operating activities		95,366	17,160

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ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2019	Nine months ended September 30, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost-current		($ 319,905)	($ 246,109)
Decrease in financial assets at amortised cost-current		227,334	154,236
Financial assets at fair value through other comprehensive income - proceeds from capital reduction	6(5)	1,194	-
Dividends received		5,085	5,487
Acquisition of property, plant and equipment	6(7)	(939)	(5,547)
Proceeds from disposal of property, plant and equipment		-	286
Decrease in refundable deposits (shown in other non-current assets)		-	12
Increase in other non-current assets		(16)	(6,865)
Net cash flows used in investing activities		(87,247)	(98,500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		-	(193)
Payment of lease liability		(13,143)	-
Cash dividends paid	6(15)	(52,990)	(29,039)
Capital surplus distributed as cash dividends	6(15)	(3,715)	(18,214)
Net cash flows used in financing activities		(69,848)	(47,446)
Net decrease in cash and cash equivalents		(61,729)	(128,786)
Cash and cash equivalents at beginning of period		497,743	493,594
Cash and cash equivalents at end of period		$ 436,014	$ 364,808

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as 'the Company') was established on December 3, 1980. The Company and subsidiaries (hereinafter referred to as 'the Group') are engaged in design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modification, installment and maintenance of application software. The Company's stock was traded at Taipei Exchange from March 1999, and was listed at Taiwan Stock Exchange after the application of listing was approved.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on November 8, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

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

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

IFRS 16, 'Leases'

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

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' both by $34,262 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $873 was recognised in the second quarter of 2019.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 2.54%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitment disclosed by applying IAS 17 as at December 31, 2018	$ 34,537
Less: Short-term lease	(275)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$ 34,262
Incremental borrowing interest rate at the date of initial application	2.54%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$ 34,262

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

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

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

(2) Basis of preparation

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

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

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2018.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	September 30, 2019	December 31, 2018	September 30, 2018	Description
Ares International Corp.	APLUSOFT CO., LTD.	Computer installation and information software service	100%	100%	100%	
Ares International Corp.	ARES GROUP CORP.	Investment business	100%	100%	100%	
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	Investment business	100%	100%	100%	
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	Investment business	100%	100%	100%	
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales in business managenment software	95.88%	95.88%	95.88%	

The financial statements of all the aforementioned entities were not reviewed by the independent accountants as the entities did not meet the definition of a significant subsidiary and the amounts were immaterial.

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

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

E. Significant restrictions: None.

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

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

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

(5) Leased assets/ operating leases (lessee)

Prior to 2019

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

(6) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(7) Income taxes

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

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

There have been no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand and revolving funds	$ 112	$ 113	$ 77
Checking accounts and demand deposits	252,540	252,361	261,280
Time deposits	183,362	245,269	103,451
	$ 436,014	$ 497,743	$ 364,808

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

B. As of September 30, 2019, December 31, 2018 and September 30, 2018, cash and cash equivalents were restricted to the bid bonds and performance guarantee. Please refer to Note 8.

(2) Financial assets at amortised cost

Items	September 30, 2019	December 31, 2018	September 30, 2018
Current items:			
Time deposits with maturity over three months	$ 319,905	$ 227,335	$ 313,160
Pledged time deposits	4,575	6,625	6,625
	$ 324,480	$ 233,960	$ 319,785
Interest rate range of time deposits	0.15%~3.30%	0.15%~3.40%	0.15%~3.50%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended September 30,	
	2019	2018
Interest income	$ 1,938	$ 1,258

	Nine months ended September 30,	
	2019	2018
Interest income	$ 4,300	$ 2,413

B. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $324,480, $233,960 and $319,785, respectively.

C. Details of the Group’s financial assets at amortised cost-others pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable	$ -	$ 4,871	$ 1,200
Less : Allowance for uncollectible accounts	-	-	-
	$ -	$ 4,871	$ 1,200
Accounts receivable	$ 109,622	$ 112,720	$ 124,810
Less : Allowance for uncollectible accounts	(3,660)	(4,069)	(2,482)
	$ 105,962	$ 108,651	$ 122,328

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

	September 30, 2019	
	Accounts receivable	Notes receivable
Up to 90 days	$ 81,859	$ -
91 to 180 days	12,986	-
181 to 365 days	11,383	-
Over 365 days	3,394	-
	$ 109,622	$ -

	December 31, 2018	
	Accounts receivable	Notes receivable
Up to 90 days	$ 93,888	$ 4,391
91 to 180 days	8,196	-
181 to 365 days	6,610	480
Over 365 days	4,026	-
	$ 112,720	$ 4,871

	September 30, 2018	
	Accounts receivable	Notes receivable
Up to 90 days	$ 105,513	$ 1,200
91 to 180 days	13,803	-
181 to 365 days	3,291	-
Over 365 days	2,203	-
	$ 124,810	$ 1,200

The above ageing analysis was based on invoice date.

B. As of September 30, 2019, December 31, 2018 and September 30, 2018, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2018, the balance of receivables from contracts with customers amounted to $160,800.

C. The Group has no notes and accounts receivable pledged to others.

D. The Group has no discounted notes receivable.

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

F. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was $105,962, $113,522 and $123,528, respectively.

G. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	September 30, 2019	December 31, 2018	September 30, 2018
Prepaid project cost	$ 27,752	$ 35,622	$ 38,062
Other prepayments	8,382	5,325	3,420
	$ 36,134	$ 40,947	$ 41,482

(5) Financial assets at fair value through other comprehensive income-non-current

Items	September 30, 2019	December 31, 2018	September 30, 2018
Non-current items:			
Equity instruments			
Unlisted stocks	$ 6,444	$ 7,638	$ 7,638
Valuation adjustment	(4,609)	(4,863)	(4,863)
	$ 1,835	$ 2,775	$ 2,775

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,835, $2,775 and $2,775 as at September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

B. For the three months and nine months ended September 30, 2019 and 2018, the Group recognized the amount of $0, $0, $254 and $705, respectively, in profit or loss and other comprehensive income, respectively.

C. The Group received proceeds from capital reduction of the equity instruments in the amount of $1,194 in August 2019.

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

(6) Investments accounted for using equity method

	September 30, 2019	December 31, 2018	September 30, 2018
Associates:			
BLITZ IT CONSULTANTS PTE. LTD.	$ 12,616	$ 13,735	$ 17,994
ARES INTERNATIONAL (THAILAND) CO., LTD.	7,760	6,874	-
ARGO INTERNATIONAL CORPORATION	20,395	18,524	18,324
M-Power Information Co., Ltd.	30,576	31,774	27,862
	$ 71,347	$ 70,907	$ 64,180

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%) September 30, 2019	Ownership (%) December 31, 2018	Ownership (%) September 30, 2018	Nature of relationship	Method of measurement
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	25.00%	-	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	-	Note 2	Equity method
ARGO INTERNATIONAL CORPORATION	Taiwan	34.83%	34.83%	34.83%	Note 1	Equity method
M-Power Information Co., Ltd.	Taiwan	24.39%	24.39%	24.39%	Note 2	Equity method

Note 1: The Group made purchases from this associate company.

Note 2: The Group had sales to this associate company.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of September 30, 2019, December 31, 2018 and September 30, 2018, the carrying amount of the Group's individually immaterial associates amounted to $71,347, $70,907 and $64,180, respectively.

	Three months ended September 30, 2019	Three months ended September 30, 2018
Profit for the period from continuing operations	$ 3,387	$ 4,767
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 3,387	$ 4,767

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Profit for the period from continuing operations	$ 5,036	$ 8,984
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 5,036	$ 8,984

C. For the three months and nine months ended September 30, 2019 and 2018, the Group's recognised share of profit of associates in the amounts of $3,387, $4,767 $5,036 and $8,984, respectively, were based on the financial statements which were not reviewed by independent accountants of the same period.

D. In July 2018, the Company set up ARES INTERNATIONAL (THAILAND) CO., LTD. for investment by cash of $6,865 with the shareholding ratio of 49%. On October 31, 2018, the Investment Commission of the Ministry of Economic Affairs (MOEA) approved the investment.

(7) Property, plant and equipment

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2019						
Cost	$ 11,341	$ 12,058	$ 1,681	$ 5,335	$ 269	$ 30,684
Accumulated depreciation	(10,143)	(6,307)	(1,205)	(4,699)	(207)	(22,561)
	$ 1,198	$ 5,751	$ 476	$ 636	$ 62	$ 8,123
2019						
At January 1	$ 1,198	$ 5,751	$ 476	$ 636	$ 62	$ 8,123
Additions	193	-	-	-	746	939
Disposal	(47)	-	-	-	-	(47)
Depreciation charges	(433)	(1,393)	(114)	(212)	(32)	(2,184)
Net exchange differences	(5)	-	-	-	-	(5)
At September 30	$ 906	$ 4,358	$ 362	$ 424	$ 776	$ 6,826
At September 30, 2019						
Cost	$ 9,970	$ 12,058	$ 1,681	$ 5,335	$ 1,015	$ 30,059
Accumulated depreciation	(9,064)	(7,700)	(1,319)	(4,911)	(239)	(23,233)
	$ 906	$ 4,358	$ 362	$ 424	$ 776	$ 6,826

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Leasehold	Other facilities	Total
At January 1, 2018							
Cost	$ 13,482	$ 9,892	$ 1,720	$ 5,335	$ 20,173	$ 439	$ 51,041
Accumulated depreciation	(11,820)	(7,824)	(1,196)	(4,417)	(336)	(352)	(25,945)
	$ 1,662	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 25,096
2018							
At January 1	$ 1,662	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 25,096
Additions	111	5,436	-	-	-	-	5,547
Disposal	-	-			(16,811)	-	(16,811)
Depreciation charges	(484)	(1,287)	(110)	(212)	(3,026)	(20)	(5,139)
Net exchange differences	52	-	-	-	-	-	52
At September 30	$ 1,341	$ 6,217	$ 414	$ 706	$ -	$ 67	$ 8,745
At September 30, 2018							
Cost	$ 11,372	$ 12,058	$ 1,577	$ 5,335	$ -	$ 268	$ 30,610
Accumulated depreciation	(10,031)	(5,841)	(1,163)	(4,629)	-	(201)	(21,865)
	$ 1,341	$ 6,217	$ 414	$ 706	$ -	$ 67	$ 8,745

A. The Group has no interest capitalization.

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

(8) Leasing arrangements－lessee

Effective 2019

A. The Group’s leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	September 30, 2019	Three months ended September 30, 2019	Nine months ended September 30, 2019
	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 22,454	$ 4,314	$ 12,793

D. For the three months and nine months ended September 30, 2019, the additions to right-of-use assets were $0 and $1,046, respectively.

E. Information on profit or loss not recognised as depreciation charge but in relation to lease contracts is as follows:

	Three months ended September 30, 2019	Nine months ended September 30, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 190	$ 660
Expense on short-term lease contracts	439	873
	$ 629	$ 1,533

F. For the nine months ended September 30, 2019, the Group’s total cash outflow for leases was $14,016.

(9) Accounts payable

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable	$ 6,786	$ 16,551	$ 20,881
Project costs payable	34,012	32,702	31,154
	$ 40,798	$ 49,253	$ 52,035

(10) Other payables

	September 30, 2019	December 31, 2018	September 30, 2018
Wages and bonus payable	$ 59,884	$ 71,735	$ 60,794
Labor and health insurance fees payable	3,528	3,418	3,451
Employees' compensation and directors' and supervisors' remuneration payable	3,745	8,644	2,305
Other accrued expenses	11,926	15,200	10,181
	$ 79,083	$ 98,997	$ 76,731

(11) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $938, $1,046, $2,814 and $3,139 for the three months and nine months ended September 30, 2019 and 2018, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amount to $1,792.

B. Defined contribution plans:

(a) Effective on July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2019 and 2018 were $2,922, $2,914, $8,745 and $8,839, respectively.

(b)APLUSOFT (SUZHOU) CORPORATION has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three months and nine months ended September 30, 2019 and 2018 was both 7%. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of APLUSOFT (SUZHOU) CORPORATION for the three months and nine months ended September 30, 2019 and 2018 were $65, $58, $184 and $164, respectively.

(12) Provisions

	Warranty	
	2019	2018
Balance at January 1	$ 2,152	$ 5,784
Additional provisions	1,286	2,367
Used during the period	(650)	(2,721)
Unused amounts reversed	(1,366)	(3,499)
Balance at September 30	$ 1,422	$ 1,931

Analysis of total provisions:

	September 30, 2019	December 31, 2018	September 30, 2018
Current	$ 1,422	$ 2,152	$ 1,931

The Group provides warranties on project contract. Provision for warranty is estimated based on historical warranty data.

(13) Share capital

As of September 30, 2019, the Company's authorised capital was $1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was $472,539, consisting of 47,254 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share.

(14) Capital surplus

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

	2019				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 96,554	$ 48,738	$ 121	$ 1,179	$ 146,592
Cash dividends from capital surplus	(3,715)	-	-	-	(3,715)
At September 30	$ 92,839	$ 48,738	$ 121	$ 1,179	$ 142,877

	2018				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1	$ 114,768	$ 48,738	$ 92	$ 1,179	$ 164,777
Cash dividends from capital surplus	(18,214)	-	-	-	(18,214)
At September 30	$ 96,554	$ 48,738	$ 92	$ 1,179	$ 146,563

(15) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall be distributed in the following methods and order:

(a) Pay all taxes.

(b) Offset prior years’ operating losses.

(c) 10% of the remaining amount shall be set aside as legal reserve.

(d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Board of Directors could retain earnings for operation needs.

B. The dividend policy of the Company are as follows: The Company engaged in information technology, which is a rapidly advance and growing market, based on the requirement of capital expenditure and optimal financial plan for long-term operation. When the Board of Directors propose the distribution of retained earnings from the remaining of above (a)~(d), they decide the proportion of cash dividends and share dividends based on the operating requirements. Cash dividends should not be less than 10% of total dividends. However, the proportion of cash dividends could be adjusted based on the operating situation of current year.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. Distribution of retained earnings:

On June 21, 2019 and June 22, 2018, the shareholders during their meeting resolved the distribution of 2018 and 2017 retained earnings, respectively, as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 6,427		$ 2,830	
Appropriation for (reversal of) special reserve	4,850		(3,572)	
Cash dividends	52,990	$ 1.12	29,039	$ 0.61

For the year ended December 31, 2018, except for the above retained earnings, the distribution of cash in the amount of $3,715 from capital surplus was proposed.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(20).

(16) Operating revenue

	Three months ended September 30,	
Revenue from contracts with customers	2019	2018
Sales revenue	$ 16,311	$ 15,893
Services revenue	150,691	159,354
	$ 167,002	$ 175,247

	Nine months ended September 30,	
Revenue from contracts with customers	2019	2018
Sales revenue	$ 34,641	$ 33,094
Services revenue	465,019	438,101
	$ 499,660	$ 471,195

A. Disaggregation of revenue from contracts with customers

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

Three months ended September 30, 2019 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	$ 32,279	$ 191	$ 134,347	$ 185	$ 167,002
Inter-segment	1,226	-	-	-	1,226
	$ 33,505	$ 191	$ 134,347	$ 185	$ 168,228
Timing of revenue recognition					
At a point in time	$ 4,973	$ 130	$ 11,208	$ -	$ 16,311
Over time	27,306	61	123,139	185	150,691
	$ 32,279	$ 191	$ 134,347	$ 185	$ 167,002

Three months ended September 30, 2018 (Note)	Asia	America	Taiwan	Total
Total segment revenue				
Revenue from external customer contracts	$ 24,231	$ 897	$ 150,119	$ 175,247
Inter-segment	1,523	-	-	1,523
	$ 25,754	$ 897	$ 150,119	$ 176,770
Timing of revenue recognition				
At a point in time	$ 1,591	$ 130	$ 14,171	$ 15,892
Over time	22,640	767	135,948	159,355
	$ 24,231	$ 897	$ 150,119	$ 175,247

Nine months ended September 30, 2019 (Note)	Asia	America	Taiwan	Others	Total
Total segment revenue					
Revenue from external customer contracts	$ 102,344	$ 690	$ 396,441	$ 185	$ 499,660
Inter-segment	4,383	-	-	-	4,383
	$ 106,727	$ 690	$ 396,441	$ 185	$ 504,043
Timing of revenue recognition					
At a point in time	$ 7,618	$ 529	$ 26,494	$ -	$ 34,641
Over time	94,726	161	369,947	185	465,019
	$ 102,344	$ 690	$ 396,441	$ 185	$ 499,660

Nine months ended September 30, 2018 (Note)	Asia	America	Taiwan	Total
Total segment revenue				
Revenue from external customer contracts	$ 76,771	$ 1,157	$ 393,267	$ 471,195
Inter-segment	2,740	-	-	2,740
	$ 79,511	$ 1,157	$ 393,267	$ 473,935
Timing of revenue recognition				
At a point in time	$ 4,476	$ 390	$ 28,227	$ 33,093
Over time	72,295	767	365,040	438,102
	$ 76,771	$ 1,157	$ 393,267	$ 471,195

Note: Segmental information is provided in Note 14(2).

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	September 30, 2019	December 31, 2018
Contract assets-customer contract	$ 60,301	$ 55,406
Contract liabilities-advance receipts from customers	$ 142,839	$ 96,225

	September 30, 2018	January 1, 2018
Contract assets-customer contract	$ 54,676	$ 31,709
Contract liabilities-advance receipts from customers	$ 83,313	$ 58,520

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

	Three months ended September 30,	
	2019	2018
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipt	$ 7,012	$ 6,367

	Nine months ended September 30,	
	2019	2018
Revenue recognised that was included in the contract liabilities balance at the beginning of the period		
Advance receipt	$ 46,765	$ 35,719

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(17) Other income

	Three months ended September 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 217	$ 259
Interest income from financial assets measured at amortised cost	1,938	1,258
Total interest income	2,155	1,517
Other income	143	151
	$ 2,298	$ 1,668

	Nine months ended September 30,	
	2019	2018
Interest income:		
Interest income from bank deposits	$ 2,417	$ 2,340
Interest income from financial assets measured at amortised cost	4,300	2,413
Total interest income	6,717	4,753
Other income	558	406
	$ 7,275	$ 5,159

(18) Other gains and losses

	Three months ended September 30,	
	2019	2018
Losses on disposals of property, plany and equipment	($ 47)	$ -
Foreign exchange losses	(4,394)	(2,235)
Miscellaneous disbursements	(186)	(22)
	($ 4,627)	($ 2,257)

	Nine months ended September 30,	
	2019	2018
(Losses) gains on disposals of property, plany and equipment	(47)	286
Foreign exchange (losses) gains	(17)	2,686
Miscellaneous disbursements	(279)	(438)
	($ 343)	$ 2,534

(19) Expenses by nature

	Three months ended September 30,	
	2019	2018
Employee benefit expense	$ 91,920	$ 88,316
Depreciation charges on property, plant and equipment	728	1,732
Depreciation charges on right-of-use assets	4,314	-
Amortizations	287	288
Advertising costs	181	181
Operating lease payments	439	5,319
Traveling expense	1,618	1,346
Service fees	1,666	1,311
Outsourcing software	38,003	46,124
Provision for (reversal of) expected credit losses	287	(1,446)
Other expenses	2,166	3,758
Cost of sales	12,241	11,114
Operating costs and expenses	$ 153,850	$ 158,043

	Nine months ended September 30,	
	2019	2018
Employee benefit expense	$ 282,901	$ 271,016
Depreciation charges on property, plant and equipment	2,184	5,139
Depreciation charges on right-of-use assets	12,793	-
Amortizations	863	863
Advertising costs	542	543
Operating lease payments	873	14,386
Traveling expense	4,337	3,388
Service fees	6,320	6,292
Outsourcing software	103,840	114,482
Reversal of expected credit losses	(409)	(3,950)
Other expenses	12,796	13,405
Cost of sales	24,809	25,994
Operating costs and expenses	$ 451,849	$ 451,558

(20) Employee benefit expense

	Three months ended September 30, 2019	Three months ended September 30, 2018
Wages and salaries	$ 78,634	$ 75,166
Labor and health insurance fees	6,426	6,060
Pension costs	3,925	4,018
Other personnel expenses	2,935	3,072
	$ 91,920	$ 88,316

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Wages and salaries	$ 242,076	$ 232,038
Labor and health insurance fees	19,669	19,042
Pension costs	11,743	12,142
Other personnel expenses	9,413	7,794
	$ 282,901	$ 271,016

As of September 30, 2019 and 2018, the Group had 307 and 302 employees, respectively.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% and no higher than 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three months and nine months ended September 30, 2019 and 2018, employees' compensation was accrued at $736, $1,131, $3,121 and $1,921, respectively; while directors' and supervisors' remuneration was accrued at $147, $226, $624 and $384, respectively. The aforementioned amounts were recognised in salary expenses.

   Employees' compensation and directors' and supervisors' remuneration of 2018, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30, 2019	Three months ended September 30, 2018
Current tax:		
Current tax on profits for the period	$ 3,438	$ -
Deferred tax:		
Origination and reversal of temporary differences	(486)	2,547
Income tax expense	$ 2,952	$ 2,547

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Current tax:		
Current tax on profits for the period	$ 12,543	$ -
Prior year income tax under (over) estimation	1,556	(6)
Total current tax	14,099	(6)
Deferred tax:		
Origination and reversal of temporary differences	(1,957)	6,521
Impact of change in tax rate	-	(4,953)
Total deferred tax	(1,957)	1,568
Income tax benefit	$ 12,142	$ 1,562

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

	Three months ended September 30, 2019	Three months ended September 30, 2018
Currency translation differences	$ 352	$ 115

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	($ 51)	($ 141)
Currency translation differences	83	40
Impact of change in tax rate	-	468

B. As of September 30, 2019, the Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

C. ARES GROUP CORP, WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

D. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(22) Earnings per share

	Three months ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 11,137	47,254	$ 0.24
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 11,137	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	528	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 11,137	47,782	$ 0.23

	Three months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 18,718	47,254	$ 0.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 18,718	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	128	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 18,718	47,382	$ 0.40

	Nine months ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 46,875	47,254	$ 0.99
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 46,875	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	528	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 46,875	47,782	$ 0.98

	Nine months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 34,503	47,254	$ 0.73
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 34,503	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	128	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 34,503	47,382	$ 0.73

(23) Operating leases

Piror to 2019

The Group leases office buildings through operating leases, with lease terms between 1 to 2 years, and the lease could be renewed. Rental is adjusted every year based on the market price of the nearby area. The lessee should be notified with the adjustment of rent at least three months before the start of another year. The Group recognised rental expenses of $5,319 and $14,386 for the three months and nine months ended September 30, 2018, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	September 30, 2018
Not later than one year	$ 17,235	$ 10,042
Later than one year but not later than five years	17,302	4,593
	$ 34,537	$ 14,635

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-Power Information Co., Ltd.	Associate
ARES INTERNATIONAL (THAILAND) CO., LTD.	Associate
MiTAC INC.	Key management
SHUTTLE INC.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Three months ended September 30, 2019	Three months ended September 30, 2018
Sales of goods:		
-Associates	$ 47	$ 48
-Other related parties	68	67
-Key management	44	29
	$ 159	$ 144

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Sales of goods:		
-Associates	$ 142	$ 194
-Other related parties	203	203
-Key management	134	443
	$ 479	$ 840

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Three months ended September 30, 2019	Three months ended September 30, 2018
Purchases of goods:		
-Associates	$ 2,506	$ 4,459
Purchases of services:		
-Associates	4,671	4,200
	$ 7,177	$ 8,659

	Nine months ended September 30,	
	2019	2018
Purchases of goods:		
-Associates	$ 6,502	$ 11,402
Purchases of services:		
-Associates	15,943	8,976
	$ 22,445	$ 20,378

(a) The Group's purchases are made for system integration projects, and purchases are only from related parties, therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(b) Most of transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

C. Receivables from related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable			
-SHUTTLE INC.	$ -	$ -	$ 284
-M-Power Information Co., Ltd.	-	200	-
-ARES INTERNATIONAL (THAILAND) CO., LTD.	-	1,339	-
-MiTAC INC.	-	-	24
	$ -	$ 1,539	$ 308

D. Payables to related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable			
-ARGO INTERNATIONAL CORPORATION	$ 3,507	$ 3,809	$ 2,606

E. Prepayments:

	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 60	$ -	$ 60

F. In 2018, the Group entered into a three-year ArgoERP maintenance contracts with an associate in the amount of $720. The aforementioned amount was recognised in prepayments both amounting to $60 and recognised in operating expenses amounting to $60, $60, $180 and $180 for the three months and nine months ended September 30, 2019 and 2018, respectively.

G. Operating expenses

The Group paid the service fees to associate. For the three months and nine months ended September 30, 2019 and 2018, operating expenses were recognised in the amount of $0, $0, $72 and $255, respectively.

(3) Key management compensation

	Three months ended September 30,	
	2019	2018
Salaries and other short-term employees' benefits	$ 14,417	$ 7,660

	Nine months ended September 30,	
	2019	2018
Salaries and other short-term employees' benefits	$ 38,597	$ 31,071

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2019	December 31, 2018	September 30, 2018	Purpose
Pledged as time deposits (shown as financial assets at amortised cost)	$ 4,575	$ 6,625	$ 6,625	Bid bond and performance bond
Guarantee deposits paid (shown as other current assets)	48,248	50,284	33,983	Bid bond and performance bond
Guarantee deposits paid (shown as other non-current assets)	7,666	7,650	7,332	Guarantees provided for leasing
	$ 60,489	$ 64,559	$ 47,940	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A complainant purchased the software package and hardware from the Company, and commissioned the Company to customise a software. However, there was a disagreement between both parties, and the complainant terminated the agreement, and claimed that the Company had not completed its obligation. The complainant filed a civil lawsuit to claim compensation in the amount of $7,483 in October, 2014. The Company has commissioned a lawyer to deal with this lawsuit, and it is still under the court's assessment. The Company has not accrued and recognised any amount for possible loss because the amount cannot be reliably assessed. This case will not impact the Company's operating and financial condition based on the Company's assessment.

(2) Commitments

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

	September 30, 2019	December 31, 2018	September 30, 2018
Software products	$ 10,092	$ 14,959	$ 16,375

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets			
Financial assets at fair value through profit or loss			
Designation of equity instrument	$ 1,835	$ 2,775	$ 2,775
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	436,014	497,743	364,808
Current financial assets at amortised cost	324,480	233,960	319,785
Notes receivable	-	4,871	1,200
Accounts receivable	105,962	108,651	122,328
Accounts receivable due from related parties	-	1,539	308
Other receivables	2,599	4,817	5,523
Guarantee deposits paid (shown as other currents assets)	48,248	50,284	33,983
Guarantee deposits paid (shown as other non-currents assets)	7,666	7,650	7,332
	$ 926,804	$ 912,290	$ 858,042

	September 30, 2019	December 31, 2018	September 30, 2018
Financial liabilities			
Financial liabilities at amortised cost			
Notes payable	$ -	$ -	$ 13
Accounts payable	40.798	49.253	52.035
Accounts payable to related parties	3,507	3,809	2,606
Other payables	79,083	98,997	76,731
Lease liabilities	22,759	-	-
	$ 146,147	$ 152,059	$ 131,385

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

	September 30, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,760	31.04	$ 240,870
HKD:NTD	9,275	3.96	36,729
AUD:NTD	476	20.97	9,982
EUR:NTD	114	33.95	3,870
RMB:NTD	20,009	4.35	87,039
Non-monetary items			
USD:NTD	409	31.04	12,695
THB:NTD	7,604	1.02	7,756

	December 31, 2018				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	7,059	30.72	$	216,852
HKD:NTD		8,902	3.92		34,896
AUD:NTD		471	21.67		10,207
EUR:NTD		114	35.20		4,013
RMB:NTD		17,533	4.47		78,373
Non-monetary items					
USD:NTD		451	30.72		13,855
THB:NTD		7,212	0.95		6,851
Financial liabilities					
Monetary items					
RMB:NTD		636	4.47		2,843

	September 30, 2018				
	Foreign currency amount (in thousands)		Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	6,988	30.53	$	213,344
HKD:NTD		7,756	3.90		30,248
AUD:NTD		470	22.04		10,359
EUR:NTD		114	35.48		4,045
RMB:NTD		16,719	4.44		74,232
JPY:NTD		18	0.27		5
THB:NTD		4	0.95		4
Non-monetary items					
USD:NTD		593	30.53		18,104
Financial liabilities					
Monetary items					
RMB:NTD		442	4.44		1,962

iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	Three months ended September 30, 2019		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		31.04	($ 1,826)
HKD:NTD		3.96	(648)
AUD:NTD		20.97	(366)
EUR:NTD		33.95	(176)
RMB:NTD		4.35	(1,876)

	Three months ended September 30, 2018		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		30.53	($ 8,252)
HKD:NTD		3.90	(970)
AUD:NTD		22.04	(286)
EUR:NTD		35.48	62
RMB:NTD		4.44	(1,319)

	Nine months ended September 30, 2019		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		31.04	($ 195)
HKD:NTD		3.96	(176)
AUD:NTD		20.97	(394)
EUR:NTD		33.95	(88)
RMB:NTD		4.35	(2,865)

	Nine months ended September 30, 2018		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		30.53	$ 410
HKD:NTD		3.90	148
AUD:NTD		22.04	(216)
EUR:NTD		35.48	9
RMB:NTD		4.44	(2,361)

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Nine months ended September 30, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,409	$ -
HKD:NTD	1.00%	367	-
AUD:NTD	1.00%	100	-
EUR:NTD	1.00%	39	-
RMB:NTD	1.00%	870	-
Financial liabilities			
Monetary items			
USD:NTD	1.00%	-	127
THB:NTD	1.00%	-	78

	Nine months ended September 30, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,133	$ -
HKD:NTD	1.00%	302	-
AUD:NTD	1.00%	104	-
EUR:NTD	1.00%	40	-
RMB:NTD	1.00%	742	-
Non-monetary items			
USD:NTD	1.00%	-	181
Financial liabilities			
Monetary items			
RMB:NTD	1.00%	20	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2019 and 2018 would have increased or decreased by $18 and $28, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

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

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

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

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

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

(iii) Default or delinquency in interest or principal repayments;

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

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On September 30, 2019, December 31, 2018 and September 30, 2018, the provision matrix and loss rate methodology is as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
September 30, 2019						
Expected loss rate	0%	0.05%~ 0.17%	0.25%~ 1.37%	3.3%~ 33.33%	100.00%	
Total book value	$ 69,649	$ 12,986	$ 9,250	$ 1,593	$ 3,394	$ 96,872
Loss allowance	$ 3	$ 8	$ 19	$ 531	$ 3,099	$ 3,660

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2018						
Expected loss rate	0%	0.05%~ 0.17%	0.27%~ 1.31%	3.92%~ 41.67%	100.00%	
Total book value	$ 61,782	$ 8,196	$ 6,610	$ -	$ 4,026	$ 80,614
Loss allowance	$ 2	$ 6	$ 35	$ -	$ 4,026	$ 4,069

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
September 30, 2018						
Expected loss rate	0%	0.05%~ 0.17%	0.27%~ 1.31%	3.92%~ 41.67%	100.00%	
Total book value	$ 81,258	$ 12,875	$ 792	$ 2,499	$ 2,203	$ 99,627
Loss allowance	$ 3	$ 9	$ 3	$ 264	$ 2,203	$ 2,482

	Group 2	Group 3	Total
September 30, 2019			
Expected loss rate	0%	0%	
Total book value	$ 7,934	$ 4,816	$ 12,750
Loss allowance	$ -	$ -	$ -

	Group 2	Group 3	Total
December 31, 2018			
Expected loss rate	0%	0%	
Total book value	$ 19,581	$ 12,525	$ 32,106
Loss allowance	$ -	$ -	$ -

	Group 2	Group 3	Total
September 30, 2018			
Expected loss rate	0%	0%	
Total book value	$ 3,101	$ 22,082	$ 25,183
Loss allowance	$ -	$ -	$ -

Group 1: general business

Group 2: government-owned corporation

Group 3: government organisations

As of September 30, 2019, December 31, 2018 and September 30, 2018, contract assets amounted to $60,301, $55,406 and $54,676, respectively, and loss allowance was $0 if measured at expected credit loss rate of 0%.

x. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2019			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 4,069	$ -	$ -	$ 4,069
Reversal of impairment loss	(409)	-	-	(409)
September 30	$ 3,660	$ -	$ -	$ 3,660

	Accounts receivable	Contract assets	Notes receivable	Total
At January 1_IAS 39	$ 7,460	$ -	$ -	$ 7,460
Adjustments under new standards	-	-	-	-
At January 1_IFRS 9	7,460	-	-	7,460
Reversal of impairment loss	(3,950)	-	-	(3,950)
Write-offs	(1,028)	-	-	(1,028)
September 30, 2018	$ 2,482	$ -	$ -	$ 2,482

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities:</u> September 30, 2019	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Accounts payable	$ 39,140	$ 1,658	$ -
Accounts payable to related parties	3,507	-	-
Other payables	53,128	25,955	-
Lease liabilities	4,420	18,799	-

<u>Non-derivative financial liabilities:</u> December 31, 2018	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Accounts payable	$ 46,876	$ 2,377	$ -
Accounts payable to related parties	3,809	-	-
Other payables	64,168	34,829	-

Non-derivative financial liabilities: September 30, 2018	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Notes payable	$ 13	$ -	$ -
Accounts payable	49,550	2,485	-
Accounts payable to related parties	2,606	-	-
Other payables	50,599	26,132	-

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates are included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

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

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 1,835	$ 1,835

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 2,775	$ 2,775

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 2,775	$ 2,775

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

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

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

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

H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 3.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Nine months ended September 30, 2019:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 261,553	$ 139,818	$ 98,289	$ 499,660
Inter-segment revenue	4,383	-	-	4,383
Total segment revenue	$ 265,936	$ 139,818	$ 98,289	$ 504,043
Segment income	$ 12,863	$ 34,097	$ 5,234	$ 52,194
Segment income (loss), including:				
Depreciation and amortisation	($ 6,471)	($ 5,462)	($ 3,907)	($ 15,840)

Nine months ended September 30, 2018:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 234,481	$ 114,841	$ 121,873	$ 471,195
Inter-segment revenue	2,740	-	-	2,740
Total segment revenue	$ 237,221	$ 114,841	$ 121,873	$ 473,935
Segment income (loss)	($ 7,795)	$ 12,697	$ 17,475	$ 22,377
Segment income (loss), including:				
Depreciation and amortisation	($ 834)	($ 687)	($ 4,481)	($ 6,002)

The Group did not disclose the information in relation to segment assets and segment liabilities as this information was not provided to the Chief Operating Decision-Maker.

(3) Reconciliation for segment income and loss

The segment operating loss reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

	Nine months ended September 30,	
Profit or loss	2019	2018
Total reportable segment revenue	$ 504,043	$ 473,935
Write-off of inter-segment revenue	(4,383)	(2,740)
Operating revenue	$ 499,660	$ 471,195

	Nine months ended September 30,	
Profit or loss	2019	2018
Segment loss	$ 52,194	$ 22,377
Adjustments and write-offs	(4,383)	(2,740)
Non-operating income and expenses	11,308	16,404
Income before tax from continuing operations	$ 59,119	$ 36,041

Ares International Corp.

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

For the nine months ended September 30, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer （Note 2）	General ledger account	As of September 30, 2018 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Ares International Corp.	Common shares/Technology Partner IV Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income	278,567	$ 1,835	2.16%	$ 1,835	-
Ares International Corp.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	-	0.01%	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IAS 39, ‘Financial instruments: recognition and measurement’.

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

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

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

Ares International Corp.

Names, locations, and related information on investees (excluding information on investment in Mainland China)

For the nine months ended September 30, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2019			Net profit (loss) of the investee for the nine months ended September 30, 2019 (Note 2(2))	Investment income(loss) recognised by the Company for the nine months ended September 30, 2019	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Ares International Corp.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	$ 14,014	$ 14,014	1,567,476	34.83	$ 20,395	$ 8,772	$ 3,055	
Ares International Corp.	M-Power Information Co., Ltd.	Taiwan	Agency and sale of database system and professional service of software	21,493	21,493	2,243,445	24.39	30,576	11,091	2,704	
Ares International Corp.	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100	13,053	(1,208)	(1,208)	Subsidiary
Ares International Corp.	APLUSOFT CO., LTD.	Taiwan	Installation of computer and consultancy of information software	30,889	30,889	1,500,000	100	31,879	2,083	2,083	Subsidiary
Ares International Corp.	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49	7,760	798	391	
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100	31,509	2,083	Note3	Second-tire subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	British Virgin Islands	Investment business	34,115	34,115	1,120,000	100	12,681	(1,174)	Note3	Second-tire subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25	12,616	(4,456)	Note3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at September 30, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the nine months ended September 30, 2019' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

Ares International Corp.

Information on investments in Mainland China

For the nine months ended September 30, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Investment flows: Remitted to Mainland China	Investment flows: Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the nine months ended September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019 （Note 2）	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Note
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	$ 25,228	Note1	$ 23,806	-	-	$ 23,806	$ 2,474	95.88	$ 2,370	$ 27,633	-	Note 4

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Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).
Note 2: The financial statements were not reviewed by independent accountants.
Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).
Note 4: In September 2019, APLUSOFT (SUZHOU) CORPORATION remitted its earnings amounting to RMB550,015.62 to the investee in the third area, WELJOIN TECHNOLOGIES LIMITED (BVI).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ares International Corp.	$ 49,446	$ 49,446	$ 428,418
APLUSOFT CO., LTD.	23,806	23,806	